

Minutes of Kolhapur Meeting, of 12th January, 2013

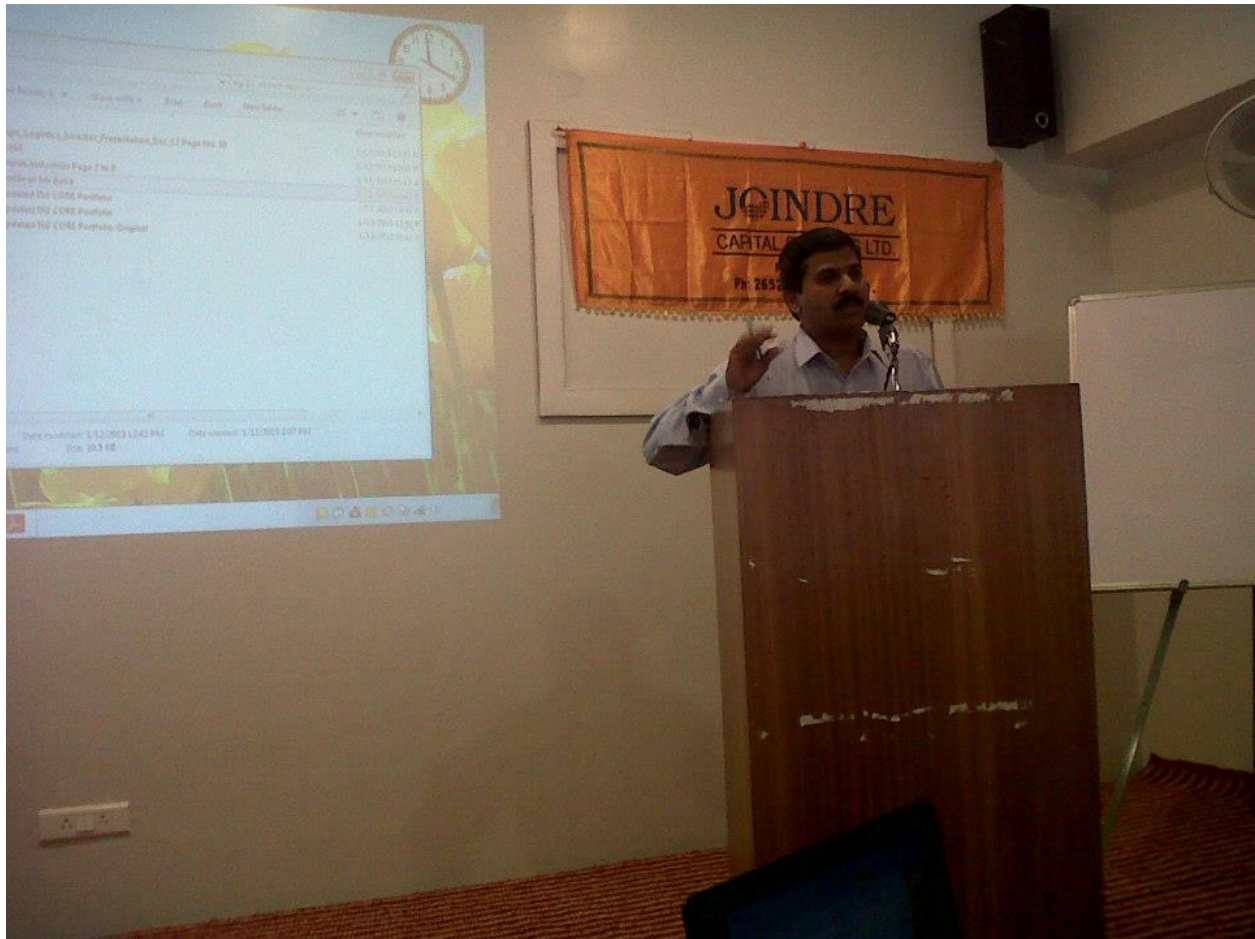
Before presenting the minutes of the meeting, Team ISG, on behalf of ISG Group is thankful to Mr Punit Negandhi and his Team for organizing this wonderful event, which was attended by large number of Retail, HNI Investors & Dealers, from various parts of Maharashtra, such as Nipani, Satara, Sangli, Islampur, Ichal Karanji, Belgaum, etc.

The attendees started to gather around 3.00 PM and the meeting was Inaugurated in a traditional way by Kukkuji, along with Punit ji and Ashok ji lighting a lamp and praying to almighty.



03.58 PM : The meeting started with host introducing Kukkuji in brief and handing over the podium to Kukkuji.





04.00 PM : Kukkuji started with a thanking note and introduced the subject of the meeting :-

WHY RETAIL MOOD IS LOW, EVEN WHEN NIFTY MOVED UP FROM LOW OF 4500 TO 6000?

Kukkuji initiated his session by requesting members to make it interactive session, as the reason for gathering was to find out the problem Dealers and Investors are facing, which needed to be understood from members only, to find out reason, "Why there is no SMILE on the face of INVESTORS, even when nifty move up from low of 4500 to 6000?"

In Kukkuji's words "Doctor needs to know the symptom of patient to start medication, hence please talk freely, time goes by, but Investor makes same mistake continuously, Otherwise investor can make money in a single bull run, to spend his entire lifetime, if investor don't make mistakes



EVERYWHERE INVESTORS ARE LOSING MONEY.....WHY?????

Question :

In last 3 month, only large cap stock has gone up, while retail investors have small & mid cap, which did not went up.

Answer :

On the contrary, small cap and mid cap gave good returns, there are few factors which investors should consider, such as :-

Try to understand what is in favor

Stock Selection is very important

Respect the Trend

What Should go in favor

Never average out of favor stock

Never block money, which is raw material for stock market

Utilise money to purchase in favor stock

Question :

What is outlook for steel sector, I have steel stock in portfolio, what should be my strategy with it

Answer :

Steel sector has been facing slowdown in last 18/20 months, selling price of finished product is down, while raw material price is going up, investors have removed money from this sector long back.

There should be NO ATTACHMENT TO STOCK, investors should have ATTACHMENT ONLY TO GROWTH.

Limited CAPITAL should be used IN FAVOR STOCKS

For e.g, If vegetable vendor keeps attachment to his stock of vegetable, then he will be left with rotten vegetables, if retailer keeps attachment with his stock of garment, then he will be left with out of fashion garments, which will be difficult to sell in the later stage.

Question :

What is your view on Sugar Industry

Answer :

Have given call on Sugar Sector last Feb & March 2012, especially on South based **sugar stocks, which gave 60-70% returns, KCP Sugar from 14/15 to 25, Bannari Amman from 550 to 1000, EID Parry from 160 to 255.**

Due to good production of sugar, there is oversupply situation, hence profit booking call was given.

In Sugar sector, it is important to understand demand supply ratio, hence 3 months back given profit booking call on the sector.

Investors should never keep non performing stocks in portfolio, as

Non performance of stocks bring frustration, which lead to wrong decision.



Question :

Many times it happens that when investors sells the stock, it rises

Answer :

It is because of :

Lack of Knowledge

Investors needs to understand sector in deep

Meaning of SHARE is to own the company, we are investing in business & sharing not only profit, but LOSS also.

Never Invest on TIPS

Avoid following calls on TV, and Not to get carried away

Use opportunity to sell on hype or spike created on TV, with biased views

To invest Rightly :

One must talk to Management, one must not hesitate, we are part owner of the company

Visit AGM

Research on Google (Make google your best friend, it has all answer that a friend can give)

Attend Concall

Visit Plant of the company, if it is nearby, by making appointment with the CS

Question :

What is your view on Fluctuation in stock price, due to media, especially 20/20 Stock Games?

Answer :

One should use such opportunity to exit, if there is spike due to 20/20 type calls.

e.g. Some analyst suggested to buy Modison Metal on Dhanteras, giving reason that people buy silver on Dhanteras and Modison makes silver and supplies to bullion market, but in reality Modison don't sell silver in market, it makes electrical Contacts from Silver.

Kukkuji questioned members about their business, everone agreed that business situation is grim, every business is going from bad to worse day by day, current rally in stock market is liquidity driven and is far from ground level reality.

In early last year, Kukkuji gave bullish view on market on account of FII Inflows, Smart money has entered in market and will not be surprised if nifty reach new high in next 1 year.

Government has taken good decision, which can take market up, e.g. good result by IT giant Infosys.



Question :

How should investor invest in current time

Answer :

While investing in current times, top most priority of any investor is to :

Protect Capital

**Look for company which is DEBT FREE
Business model is in growth, even in recession
ROCE is above 20, good Earning, Book Value, Asset Base**

KEEP PATIENCE, PATIENCE WILL REWARD, PATIENCE IS KEY TO INVESTMENT

Investor should have CONVICTION within themselves, not to be weavering mind by selling good stock and buying bad stock.

Question :

What strategy should traders use in market

Answer :

FNO, Future, Options, etc Strategy leads to only 1 thing ----- LOSS

Daytrading, Future, Margin Trading, leads to loss, besides Tension, Sick Health, It effects environment at Home, etc.

Never invest capital where one has to keep tension, If investment is good than no need to worry, it will give return. For e.g. sitting in front of TV screen does not change the outcome of game, hence never be **SLAVE OF TRADING SCREEN**, Instead, invest in Research, Study, etc, be busy in that, that is productive work.

Never earn money in tension & frustration, greed, etc

Never let fear ride us in bear market, one should be happy when stock is down, it gives opportunity to buy at lower level

Never do buying in 1 stage

Always combine technical and fundamental

Every stock has range, lower range should be used to buy, there is less chance to make loss if bought near lower range or near support level

Trade in that range between 15/20% with 20/25% of quantity, it will maximize returns.

Never follow FNO strategy, etc, every strategy is to earn income for their master

Strategy only works until it fails

Investor become biased after buying, they don't see negative points

Investors need to study at ground level to become successful investor, there is always possibility to go beyond, one step further.

Consider loss in market positively, take it as learning fees one has to pay to market for learning the mistakes, so that it should not be repeated.

Question :

How small investors should research the stock

Answer :

Investors should do some basic study :

Study and Understand Balance Sheet

Cash flow statement

Cross check the claims of the company with suppliers, vendors, etc

Read Auditors Report

To take view from Dealer, End User, Employeees of the company

Understand product at ground level

Visit company as FD Holder, Investor, New Vendor, Shareholder, Supplier, etc and try to get in touch with the management

Shareholder has right to get basic information about the company

Shareholder can make appointment and meet with Company Secretary

Question :

What is view on NBFC / Fin Stocks

Answer :

Finance sector is in favor, reason to choose **AK Capital** is its performance, consistant track record, Good EPS, etc.

Question :

What is Stock Selection Criteria

Answer :

Product

Pricing Power

Entry Barriers

Outlook of Business or Industry (There are many stocks which are available at very cheap valuation, because outlook of business is not good, if there is no growth, than what is use of buying stock at lower PE or lower than BV)

Give importance to outlook of sector or industry, EPS, PE, ROCE, BV, Etc

For e.g. when rubber price were falling, we gave call on **Tyre Industry** and **Relaxo Footwear**

Investor should also look at **Delta of the company : Finished Goods(-) Raw Material Price**

Another example is When sugarcane crop fails, buy sugar stock, it will give good return in next 3 quarters.

Question :

What helps investor to earn money in stock market – LUCK or SMARTNESS

Answer :

Destiny or Luck, Human can only get what is written in his destiny, but investor should always focus on his core business, or study / research, if he is full time investor.

When nifty PE ratio goes above 20, never invest in IPO, Why invest in rich priced IPO when existing stock one can get at cheaper valuation, why not invest there, where there is 5% dividend yield.

There is no problem in our economy, our economy needs prompt decision making in policy by government, e.g. mining sector is in problem.

Investor should never allow focus to divert, never focus on FNO, Nifty, Etc, use & sense research from ground level.

Question :

What is influence of Media on stock price movement

Answer :

Very bad influence of media on stock price movement, one should never follow short term calls, 20/20 type games, etc on media, but on the other hand one should read and see interview of management to know more about companies on media, compare it to last such interview, what management has said in past, has it delivered, did management walked the talk or not

Question :

View on Banking Sector and Banking Stocks

Answer :

Banking sector to remain in favor, going forward Bank NIFTY to outperform NIFTY.

In Finance Sector, Canfin Home, HDFC, GIC Housing Fin, etc will do better.

South Indian Bank, DCB, Karnataka Bank, ICICI will do better.

If Nifty has to reach higher level, ICICI bank has to out perform.

There is no short term gains.

Question :

Any take on Aviation Sector

Answer :

Not tracking aviation sector

Investors should only invest, if he understands business model, more simple business model, more gains, avoid business model that requires too many political connections

Question :

Government will be divesting shares of blue chip companies, whether to invest or not

Answer :

Invest in EIL (Engineers India Ltd) if view is of 2-3 years, as it is good cash rich company, it is into monopoly business, and a solid company worth investing.

Chemical Stocks, especially starch business can give good returns going forward.

ANIL Ltd, due to slowdown in economy payment recovery is very late by vendors, the company has good assets against debts, company hold around 150 acre of land in Savli, Baroda.

Sukhjit Starch Ltd, very strong business model, promoters are regular buying the stocks from open market.

Deepak Nitrite Ltd

For caustic soda manufacturer, time is favourable, but not sure for how long will it last.

Question :

How to track commodity price of particular industry

Answer :

One can put ALERT in GOOGLE for Finished Goods, Raw Material .

If input price come down, profit goes up.



Question :

I have bought few stocks at 2008 highs, now the price is 1/10th, what to do in such situation

Answer :

Why one buys at higher level?

Always apply stoploss if trading in bull market, as one gets carried away and come under the influence of GREED.

In such cases, 200 DMA or support level should be stop loss

Its never too late, not to repeat past mistake and most important, never blame others for own mistakes.

Also note : Money invested in gaining knowledge never goes wasted, new entrant in stock market should always enroll some course on TA or FA to understand the subject better, there are many such courses conducted by BSE and NSE, beside private institutions.

Question :

How to invest in equity

Answer :

There are many type of investment available in market, from which investor can choose

Conservative investment, Defensive investment where dividend yield of 6/7%, discount to book value & replacement value.

Question :

Investor earn more money than Chartist?

Answer :

Yes, Investor earns more money than chartist.

Investor Should Always :-

Play long inning & Remain Unbeaten

Research & Study

Invest in business and should change stock after business is saturated

Never sell your winners and buy losers

e.g. When profit making call was given for Disa India after good money is made from long term investing, it is always prudent to lock the gains outside the market, or it should be put to better use, instead of buying another stock, like jumping from one boat to another boat when there is high tide and all boat rises, if tide goes, all boat will pulled down, so whats the use if money is not parked outside market or put to better use.

WHY MORALE OF INVESTOR IS LOW FOR INVESTMENT?**TEMPERAMENT :**

One Cant make money in market, if temperament is not stable. Investors should overcome greed and fear and keep it cool.

Investors can follow 52 week / life time high strategy, provided proper stoploss is kept and fundamentals are studied, when stock hit new life time high, momentum is fast and investor can get good growth in short period.

It is important for stocks to perform in portfolio, when few stocks regularly perform in portfolio, it boost morale of investor, it revive confidence and morale of investor. If inner self is happy and content, it increases alertness and helps taking rational decision with conviction. When stock does not perform, confidence level of investor is low and so is morale, there is feeling of frustration and fear, which blocks decision making ability. And during such times, investor makes wrong decision, like selling winners, sticking to losers, keep on averaging underperforming stocks, etc.

Never average in non performing stock, unless study is good.

Market is smarter than most of us, if stock does not perform, there is reason for that, many times stock falls first, than bad news comes.

WHAT TO DO NOW, AFTER 6000 NIFTY

Last all **bull run lasted from 12 to 20 months, or maximum 24 months**, except bull run from 2003 to 2007.

From March 2009, market made bottom and bounced back, the bull run lasted till 4th Nov 2010, and market peaked out on that day.

On Nov 20, 2011, market bottomed out, inflow of foreign funds started from early 2012, we can see this bull run lasts till July or August 2013.

Whenever Nifty is trading above PE of 23, it has not sustained there for more than 3 months.

Current PE is somewhere between 18 and 19, if it reaches 23, than Nifty has to cross 6500 levels.

Best strategy should be to remove money from market above Nifty PE 23. Or conservative investors can even start booking out slowly above Nifty 6300 and above. When Nifty reaches 6800, more than 60% of money should have been removed and locked outside market or should be invested in GILT fund, unless market fall to level where valuations are mouthwatering.

When interest rates will start coming down, profit of PNB Gilt will increase.

If investor follow this simple strategy, the money will last till next bear market, where investors can slowly invest looking at valuations, e.g. when Nifty reaches 5000 level, 4500 level. And to exit slowly above Nifty 6500 level. It will be very slippery path and investors should not get carried away when market is at high and making money become easy.

There is one more benefit if money is invested in Debt Fund, Liquid Fund, Bonds, as it makes our backing strong, which improves decision making power, as there is a say that CASH is KING.

Nifty can go down, because fundamental situation is very bad.



How long can a liquidity driven rally last?

Investors should not keep high expectation, protection of capital is very important, otherwise money find its own way.

SOME KEY POINTS FROM PRESENTATION



Click on below Presentation to view :

Investment Picks for Short / Medium Term

Kolhapur Investors Meeting of 12th
January 2013

Media Sector : Media Sector to give returns to investors, but stoploss is important as money is getting invested above 6000 Nifty.

Power Sector : Debt Restructuring of SEB, Tariff Hike, Implementation of Fuel Supply Agreement to help companies in Power Sector, e.g. TN SEB almost doubled the tariff, Maharashtra and UP also increased Tariff rates, beside stocks in presentation, **Jyoti Structure and NHPC** also to get benefit.

CIPLA : 3rd quarter performance is expected good, Investors should invest in it slowly after every fall.

Geometric Software : Company to perform better from 4th quarter onwards

(Investors should review their portfolio in July / August 2013)

PNB Gilts : One of the safest bets to lock profit in this stock, GILT is safe when downward cycle of interest rate begin.

Kovai Medicare : 1st half profit was good, 2nd half profit likely to be equally good, promoters are buying from open market at current price.

(Investors should study stocks, where promoter buying is regular, one needs to work hard and study, if there is serious study in right direction, than investors can choose from many strategy and make good money)

Dark Horses :

3i Infotech : Business feedback is positive, banking sector is doing good, the company has good product, with backing of good promoters, Company to get benefit after restructure is over. Investors should consider this scrip as High Risk and High Gain bet.

HCC : Assets of the company are good at Lavasa, if the company sells even 25% stake in Lavasa, than it can become debt free.

Gammon India : Restructuring is said to be taking place within the company, stock seems to be bottoming out.

EMPIRE INDSTRUTRIES :

AEGIS LOGISTICS LTD :

(BOTH AS PER PRESENTATION)

How company performs in meltdown or recession is another yardstick to read stock / company.

South Indian Bank : Strong business model, CMP 28

PTC Fin Services : Zero NPA, good 1st half result, expected better 2nd half performance, the company has investment in power projects, where good value unlocking likely, the company enjoys highest NIM of around 6/7%, company came out with IPO price at 27, CMP is 18 with Rs 10 paid up value.

Kesar Terminal : Company has good business model, whereby company operates storage tanks in Ports, where it enjoys monopoly and stable business. The company is consistent dividend paying, with ROCE of 33%. Current capex to give growth in future, the company has undertaken new warehousing project in Madhya Pradesh with investment of 150 Cr.

Some key Investment Advise by ASHOK SHAH :



Sunflag Iron and Steel : Some development likely in near future, advisable to take exit on news.

Sugar Sector : Sugar Sector is state controlled, pricing policy is in the hands of state, it is better to take exit, and avoid sugar stocks for long term holding in current situation, play for sugar cycle and book profits.

KFA, DCHL, Asrhiya, Etc where promoter holding is always pledged, avoid investing in such companies.

IPO : Avoid high priced IPOs

Avoid desperate buying

Investors can make use of Internet for tracking the companies or stocks, information is freely available over the net.

Investors should invest in low beta, but dividend yield stocks.

Few Dividend Yield & Growth Stocks are :

Bharat Seats : Promoter is Maruti Suzuki with 75% holding, CMP Rs 13, FV Rs 2, 80 paise dividend paying, company to get benefit of expansion.

Simplex Castings : Rs 52, 2.5 Rs dividend, book value of Rs 120, company recorded EPS of Rs 18 last year, from next quarter, the company likely to perform better, Currently Simplex Casting enjoys ROCE of 20% and is one of the biggest supplier of Indian Railways.

Sree Rayalseems Hi Strength Hypo Ltd : Company has reported good earning in last quarter, expansion of capex to come in current quarter, the company is into water treatment chemical, where it enjoys monopoly status.

Zenith Fiber : CMP 35, company to get benefit of expansion from next financial year, company has good future ahead, with ROCE of 25%, the company this year doubled its existing capacity with investment of just Rs 2 crore.

Sree Sakthi Paper : South based company, engaged into production of Corrugated Boxes, is supplier to ITC. The company has planned to expand its Logistics Business, which likely to give good valuations in future, the company last paid dividend of Rs 2.10 to shareholders.

The meeting ended at 7:30 PM, Kukkuji and Ashokji were presented with Shawl, Shreefal and Bouque by Shri Shantilal Gundecha, a long term investor from Kolhapur.





A get-together with members alongwith Dinner was followed after meeting.





Compiled by : Team ISG

For : www.groups.google.com/group/investmentsupergrowth