



Year 2019: A Glimpse

The year 2019 has witnessed a roller-coaster ride for the Indian stock market, especially lot of companies were questioned on corporate governance, accounting engineering. We have provided critical views on few of the companies on these two aspects. There are few hits and misses, we have witnessed in the last year.

Going forward, we will continue to provide critical views on the companies especially in our core area of corporate governance and forensic research, however, we will also look into few companies where books of accounts are relatively clean and there are possibilities of turnaround.

In 2019, we have published following insights:

Stock	Insight
Greaves Cotton (GRV IN)	Greaves Cotton: Buyback Giving a False Alarm
JSW Energy Ltd (JSW IN)	JSW Energy- Small Puddles Across Investments Path
Newgen Software Technologies (NEWGEN IN)	Newgen Software: Error Code Flashing
Cox And Kings (COXK IN)	Cox & Kings: On A Logic Defying 'Detour'
Power Mech Projects Ltd (POWM IN)	Power Mech Projects Limited: Asleep on the Job
TVS Motor (TVSL IN)	TVS Motors: Analysis Of Various Investments
Apollo Hospitals Enterprise (APHS IN)	Apollo Hospital Enterprise Limited: From Sunshine To Shades
Jain Irrigation Systems (JI IN)	Jain Irrigation: From Up Close The Crop Doesn't Look Healthy
Hathway Cable And Datacom (HATH IN)	Cable Giants: An Accounting Review
Indian Energy Exchange (IEX IN)	IEX: Strong, Upward Ticking Foothold
Dalmia Bharat (DBEL IN)	Dalmia Bharat: Charge Sheet May Clear Clouds Of Doubt
Zee Entertainment Enterprises (Z IN)	Zee Entertainment- The Gloom Deepens , Zee Entertainment Q2F20 Result Update: A Dark Script With An Ensemble Cast Of Negatives
Infosys Ltd (INFO IN)	Infosys 2nd Whistleblower Letter: A Wrongdoing or Personal Envy
United Spirits (UNSP IN)	USL: Non-Core Assets Monetization- Balance Sheet Booster , United Spirits Limited: Cleansing Exercise Is Almost Over
Radico Khaitan (RDCK IN)	Radico Khaitan Limited: On the Path of Getting Debt Free
Escorts Ltd (ESC IN)	Escorts Ltd- A Brief Lull
Dabur India Ltd (DABUR IN)	Dabur IN Stunted Growth and Shifting Strategies Put Dabur In a Fix (Detailed Version)



SRF Ltd.

<https://prime.economictimes.indiatimes.com/news/72249776/money-and-markets/the-srf-stock-is-a-market-outperformer-but-its-balance-sheet-doesnt-justify-the-rich-valuation>

1. The issues highlighted in **Greaves Cotton (GRV IN)** , **JSW Energy Ltd (JSW IN)**, **Tvs Motor (TVSL IN)** market has overlooked the concerns we have raised.
2. **Jain Irrigation Systems (JI IN)** , **Apollo Hospitals Enterprise (APHS IN)** are our best findings, the street later realized the concerns raised by us and current stock prices are witness of the same. Jain Irrigation Systems (JI IN) has defaulted in its repayment of debt later during the year.
3. **Newgen Software Technologies (NEWGEN IN)** is the company where we still believe that there are serious questions on the quality of financial statement and the numbers reported by the company is not in synchronization with the business model of the company. Stock prices are still holding up.
4. There are two whistleblower letter surfaced and alleged current management of **Infosys Ltd (INFO IN)** , however, of these two letters, we highlighted that possible ill-motive by the so-called whistleblower in the second letter and the allegation against the management doesn't prove any wrongdoing. The investigation on first letter is still under process, it will be interesting to see how this saga will unfold in future given the reputation of the company like Infosys.
5. There are serious concerns raised in the Q2F20 result update and resignation letter of directors in **Zee Entertainment Enterprises Limited**. After these controversies the management of the company has sold their major stake and step down from the Board of Directors. We think that there might be more hidden skeleton lies in the financial statement of the company.
6. We remain positive on **United Spirits Limited** given the cleansing of balance sheet and pro-active measures taken by the management for turning around the company operations
7. We have written even-driven report on **Dalmia Bharat Limited, Radico Khaitan Limited** but these stories are still to play-out in the market.
8. **Indian Energy Limited** has few regulatory risks but low penetration in energy exchange and being dominant player, we foresee growth opportunity in the company.
9. **Escorts Limited** has underperformed since last few months; however, the management of the company continues to deliver on promises made by them. We remain optimistic on the future growth of the company and foresee gain in market share.
10. **Dabur India Limited** stock has out-performed the index primarily due to multiple expansions and rising risk averse-ness in the market despite the fact that the company EPS has declined over the period and consensus estimated EPS has witnessed substantial downgrade. The company has benefited from fall of major disruptor Patanjali which was key risk to our hypothesis.



11. In **SRF Ltd** report which we published on ET Prime, we highlighted certain risks in the financials eg: inability to maintain cash flows. Since the stock price has surged extraordinarily, we felt the high valuation is not justified due to these risks.

Macro Research

We have also written few insights on Government policies and their effect on macro-economical situation of India on Smart karma. The objective of these insights was to provide a contrarian and critical view on government policies.

Going forwards, our major focus will remain on forensic and governance research. We will try to work on few turn around ideas.

Launch of subscription based Product

During the year, we have introduced **India independent Insights (Iii)**, *Independent & Unbiased research on Indian Mid to large cap Companies*. Iii typically provides counter consensus views which cover forensic research along with On-Ground Primary Research.

About India independent Insights (Iii)

Iii is a collaborative effort of SEBI registered and regulated Analyst **Nitin Mangal**, and SEBI registered & regulated Advisor **Pranav Bhavsar**. We Iii, aim to bring truly independent insights on Indian Equities. Our research process is a combination of a deep dive on accounting and governance, an area typically avoided by traditional sell-side research. We also when required, use on-ground primary research for re-validation of our own hypothesis or growth promises typically made to institutional investors. Independence is the core of our research which often means no management Interaction before or after publication of the research report.

Under **India independent Insights (Iii)**, we would be offering one report every month which aggregates to twelve reports per annum.

Our first report under this initiative is on InterMESH Limited (IMT IN).

Mind the Mirage: *Call Rose by any name, it will continue to smell and look a Rose. Calling anything a Rose will not make it a Rose. IndiaMART's trumpet does not sound that pleasing on fine tuning. The notes on operational issues, accounting practices etc., when played, do not play out a melody. What one confronts is a series of jarring notes emerging from the complex matrix of mirages. (Table of Contents of the Original report is at the link below).*

http://nmadvisors.com/products/III%20IndiaMART%20December%202024.12.2019_Iii.pdf

For further details feel free to reach out to us at info@nmadvisors.com



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