



DIGITIAN CAPITAL



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 5)

DIGITIAN VIEW!

MARKET WATCH

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

Candle Stick Pattern (Continued):

The Zone pattern is of two types - **Zone Demand** and **Zone Supply**. The Red candles represent "Drop" and Green Candles represent Rally. Two types of Demand Zone used for **LONG Trades**

- 1) Drop-Base-Rally (DBR) :** It forms the base of the pattern after drop; It indicates the **reversal pattern**;
- 2) Rally-Base- Rally (RBR):** It forms a base in the middle of the rally; Then it again starts rally up; It indicates **Continuation Pattern**

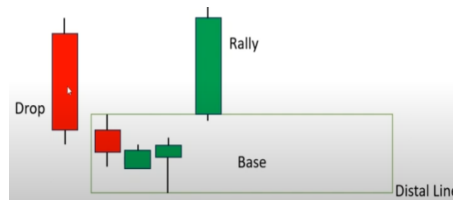
There are two types of **Supply Zone** used for **SHORT Trades**:

3) Rally-Base-Drop (RBD) : It forms the **base** of the pattern after **Rally** ; then **Drops** It indicates the **reversal pattern**;

4) Drop-Base- Drop (DBR): It forms a **base** in the middle of "Drop" . It indicates **Continuation Pattern**



Distal Line Placement in DBR : **Lowest** point of Leg in , Base and Leg out Candles

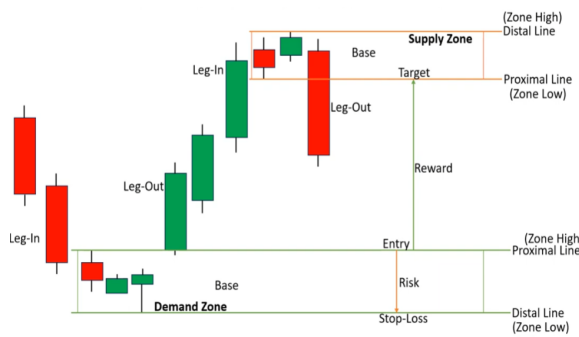
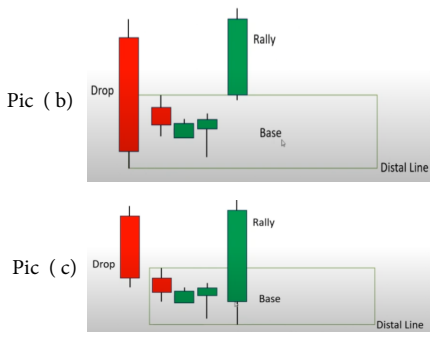


Pic (a)



| Equity Indices | Monthly Close | Monthly Change % | 2024% | 2023% |
|---------------------|---------------|------------------|-------|--------|
| S & P | 5522 | 1.1% | 16.4% | 23.5% |
| Nasdaq | 17194 | -3.0% | 16.5% | 41.1% |
| FTSE 100 | 8283 | 1.0% | 10.6% | 0.5% |
| Shanghai Compote | 2932 | -2.1% | -0.8% | -4.3% |
| NIFTY | 25011 | 2.0% | 16.0% | 18.9% |
| Nairobi SE 20 | 1660 | 0.2% | 10.0% | -10.0% |
| Egypt SE 30 | 29360 | 4.7% | 15.3% | 73.9% |
| Tanzania All Shares | 2079 | 3.1% | -0.6% | 11.2% |
| Nigeria SE 30 | 3598 | -3.0% | 26.7% | 54.1% |
| Morrocco All Shares | 13977 | 4.8% | 15.1% | 12.1% |
| Bangladesh DSE 30 | 1900 | -1.2% | -9.2% | -4.7% |

| Commodity | Monthly Close | Monthly Change % | 2024% | 2023% |
|-----------|---------------|------------------|--------|--------|
| Gold | 2481 | 6.3% | 19.7% | 13.2% |
| Crude Oil | 79.52 | -7.1% | 5.6% | -12.4% |
| WTI Oil | 76.31 | -7.1% | 8.5% | -12.3% |
| Copper | 4.19 | -4.8% | 8.3% | 1.0% |
| Iron Ore | 102.83 | -3.5% | -24.6% | 22.6% |
| Aluminium | 2317 | -8.7% | 0.2% | -2.8% |



Pic (j)

COUNTRY DATA

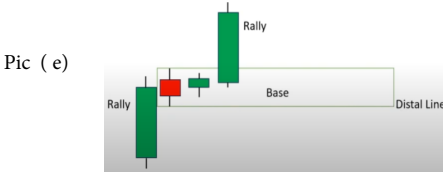
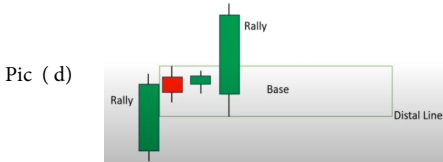
| Countries | GDP (USD Bn) | Market Cap (USD Bn) | GDP Growth 2024p % | Inflation 2024p % |
|------------|--------------|---------------------|--------------------|-------------------|
| USA | 27966 | 50781 | 2.1% | 2.50% |
| China | 17963 | 10889 | 4.6% | 1.7% |
| India | 3732 | 4330 | 6.6% | 4.0% |
| 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 | 1.083 | 0.58% | -0.6% | 2.0% |
| GBP USD | 1.274 | 0.47% | 0.8% | 4.9% |
| USD INR | 83.699 | -0.33% | -0.5% | -0.7% |
| USD KES | 129.00 | 0.19% | 18.0% | -21.6% |
| USD EG POUND | 48.60 | -0.91% | -57.1% | -19.9% |
| USD TZS | 2705.00 | -0.63% | -7.6% | -7.5% |
| USD NAIRA | 1661.00 | -7.71% | -87.5% | -49.5% |
| USD TAKA | 117.46 | 0.07% | -6.8% | -6.1% |



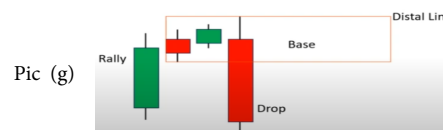
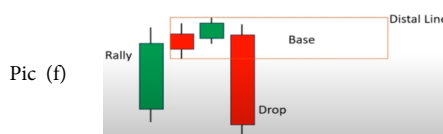
Distal Line Placement in RBR :

Lowest point of Base and Leg out Candles



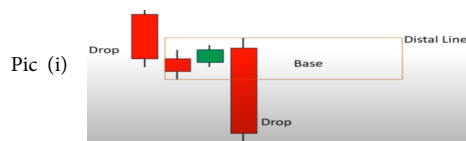
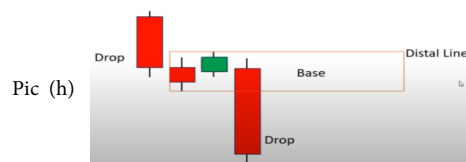
Distal Line Placement in RBD :

Highest Point of Leg in, Base and Leg out Candles



Distal Line Placement in DBD :

Highest point of Base and Leg out Candles



Trade using Demand Zone :

Refer To Pic (J). The opposite of Distal Line (Zone Low) is the **Proximal Line (Zone High)**; Proximal Line is the **Entry Price point** for long trades and Distal Line is used as the **STOP LOSS** point for the long trade. **This is very**

important for the risk management. At entry point, the expectation is that institutional demand will be higher than the supply and it will push the price up. However, **any decision can be wrong** if demand is lower than the supply, the price may start to fall so having STOP LOSS is important for selling out the stock. This is the **RISK zone**.

The shares need to be sold in the **SUPPLY zone** - where **Proximal Line (Zone High)** is known as **Target** price point. So **Target** is the point where you can sell the shares. Price difference between Proximal Line (Demand Zone) to Proximal Line (Supply Zone) is the **REWARD** zone i.e., the profit that you can make from buy and sell of shares (LONG trade).

Thus while investing in a long position you have to estimate the **RISK-REWARD** ratio which should be atleast 1:3 for long term investment.

Likewise, you can analyse the **Supply zone** for Entry into a "short sale" position at **Proximal Line (Zone Low)** and squaring off the position at **Demand Zone's Proximal Line (Zone High)**. However we write for long term investments so short sells are not discussed.

These are very basic fundamentals of reading charts. In the next newsletter we shall see more intricate candle stick pattern for buy and sell.

(CONTINUED)

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We told you*

Performance Post Covid: India

We only publish Top Multi bagger stocks with return >100%

| Recommendation by | Name of the Company | Date of Purchase | Entry Price | Actual Gain Published in June 2023 | Actual Gain Published in Dec 2023 | Actual Gain Published in July 2024 |
|----------------------|------------------------|---------------------|----------------|---|---|--|
| Debashish | NGL Fine Chem | 13-Mar-20 | 302 | 572% | 631% | 730% |
| Debashish | Tata Elxsi | 27-Apr-20 | 790 | 883% | 1024% | 831% |
| Debashish | RACL Geartech | 4-Aug-20 | 65 | 2085% | 1817% | 1805% |
| Debashish | Arman Financial | 8-Feb-17 | 243 | 826% | 952% | 840% |
| Saugata | Shivalik Bimetal | 5-Feb-21 | 69 | 933% | 770% | 901% |
| Saugata | Newgen Software | 7-Apr-20 | 116 | 610% | 1279% | 898% |
| Saugata | Trident | 1-Oct-20 | 6.55 | 419% | 648% | 511% |
| Saugata | Indian Bank | 11-Jan-21 | 87 | 287% | 422% | 586% |



Debashish



Saugata

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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”

How to Find Multibaggers in Micro and Small Caps:

(Repeated)

From Editor : Debashish being a super Investor in Indian Market, on an invitation presented in the Flame University- professional University in India for Investment Training, a very key work on making money. This is a transcript shared by Flame University.

Investing in micro and small-cap stocks offers the potential for substantial returns, but it comes with significant risks. Debashish Neogi's presentation on identifying multibaggers in this segment offers valuable insights for investors looking to navigate this challenging landscape. This article distills key points from Neogi's presentation, focusing on strategies and learnings that can help investors identify and capitalize on high-potential stocks.

Background and Personal Journey

Neogi's investment journey is marked by initial mistakes and subsequent learnings:

- He made all types of mistakes early on, including buying cheap stocks, taking loans to invest, and losing money through trading.

- These experiences nearly led to bankruptcy, but he learned from his errors and became a better investor.

- Currently, he is an entrepreneur and investor, drawing on his experiences as a CFO and CEO.

Key Insights on Multibaggers

From analyzing multibaggers over the past decade in India, Neogi highlights three critical insights:

- Market Cap:** Most multibaggers had a market cap of less than ₹500 crore in 2011, with Bajaj Finance being an exception at ₹2500 crore.
- Sector Irrelevance:** Success wasn't tied to any specific sector; the company's quality and fundamentals were more important.
- Holding Period:** 80% of the share price movement occurred in less than 20% of the time over ten years, emphasizing the importance of holding stocks through ups and downs.

Framework for Identifying Multibaggers

Neogi proposes a structured framework for identifying potential multibaggers:

Business Understanding

- Core Competence: Evaluate the company's core strengths and capabilities.

- **Promoter Quality:**

Assess the promoter's strategic intent, integrity, and execution capabilities.

- **Mega trend Alignment:** Ensure the business strategy aligns with significant market trends.

- **Right to Win:**

Identify the business's unique competitive edge.

Evaluation Criteria

- **Sustainable Growth:**

Look for sustainable and profitable growth over an extended period.

- **Risk Management:**

Knowledge to manage risk is crucial for long-term investment success.

- **Return Expectations:**

Aim for returns that consistently exceed the market benchmark, like the Nifty index.

Case Studies of Successful Multibaggers

Neogi provides examples of companies that have successfully navigated challenges and grown significantly:

Arman Financial

- *Provides credit to the unbanked in a cost-effective way.*
- *Led by a second-generation prudent capital allocator with a track record of excellent management during crises.*
- *Exposed to a large, addressable market in the microfinance category.*

RACL Geartech

- *Offers solutions to the automotive industry, emphasizing problem-solving.*
- *Successfully turned around from near bankruptcy under new management.*
- *Supplies products to global OEMs, despite being a micro-cap company.*

Tata Elxsi

- *Unique design and technology services with a culture of innovation*
- *Low attrition rates and engagement with top-tier clients in the E&RD sector.*

- Focuses on continuous improvement and transparency.

NGL Fine-Chem

- Specializes in cost-effective solutions in complex chemistry.
- Led by a conservative promoter with a strong organizational culture.
- Excellent capital allocation and competitive return ratios in a challenging industry.

Investment Process and Learnings

Neogi shares his investment process and key learnings:

Core and Seed Portfolio

- Maintain a core portfolio alongside a seed portfolio with 5-8 companies, each with a 2% allocation.
- **Buy in tranches** as conviction increases and prefer buying on rising performance over quarters.

Decision-Making and Behavior

- Have at least three investors to challenge your hypotheses and convictions.
- Focus on cutting noise, simplifying analysis, and honing core competencies.

- Write notes to yourself and continuously evaluate terminal value as part of the process.

Importance of Patience

- Only a few multibaggers are needed to make a significant difference.
- Inactivity often pays off, as the best investors are right only slightly more than 50% of the time.
- Success is measured not by how often you are right but by how long you can ride your winners.

Conclusion

Investing in micro and small-cap stocks can be highly rewarding if approached with the right mindset and strategies. Neogi's insights emphasize the importance of understanding the business, evaluating management quality, and being patient with investments. By focusing on core competencies and maintaining a disciplined investment process, investors can increase their chances of identifying and benefiting from multibaggers in the micro and small-cap segment.

Happy Investing !!



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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.

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