

**DIGITIAN
CAPITAL**

DIGITIAN VIEW

A monthly Investment outlook



FUTURE FOCUS

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Technical Analysis- Bollinger Bands ! (Part 9)

DIGITIAN VIEW!

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.

Now we shall move into Technical indicators which are based on statistical Analyses of market data - these are most important for BUY and SALE of a stock even in case long term Investment.

Now I would discuss few Technical models very important for making entry and exit decisions.

Bollinger Bands :

Bollinger bands are a technical indicator developed by John Bollinger in the 1980s to plot the standard deviation around a moving average.

As you can see in the chart below, Bollinger bands **widen** as price volatility increases and **tighten** as volatility decreases. A wider range means a higher standard deviation, which means that the average price is less likely to be centered on the mean (orange line).

Bollinger bands are just a tool using the statistical concepts of **standard deviation and normal distribution** in your charting platform.



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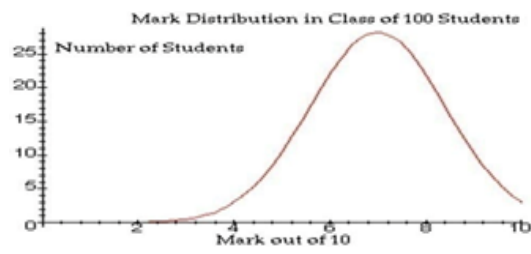
MARKET WATCH

Equity Indices	Monthly Close	Monthly Change %	2024%	2023%
S & P	5728	0.4%	20.8%	23.5%
Nasdaq	18239	1.8%	23.5%	41.1%
FTSE 100	8177	-1.2%	9.2%	0.5%
Shanghai Compste	3272	-1.9%	10.7%	-4.3%
NIFTY	24304	-5.8%	12.7%	18.9%
Nairobi SE 20	1905	7.3%	26.2%	-10.0%
Egypt SE 30	30658	-3.8%	20.4%	73.9%
Tanzania All Shares	2212	4.6%	5.8%	11.2%
Nigeria SE 30	3674	0.4%	29.4%	54.1%
Morrocco All Shares	14270	0.5%	17.5%	12.1%
Bangladesh DSE 30	1926	-6.2%	-7.9%	-4.7%

Commodity	Monthly Close	Monthly Change %	2024%	2023%
Gold	2744	2.8%	32.4%	13.2%
Crude Oil	69.45	-7.1%	-7.8%	-12.4%
WTI Oil	73.05	2.8%	3.9%	-12.3%
Copper	4.35	-5.0%	12.4%	1.0%
Iron Ore	103.78	-4.5%	-23.9%	22.6%
Aluminium	2605	-1.4%	12.6%	-2.8%

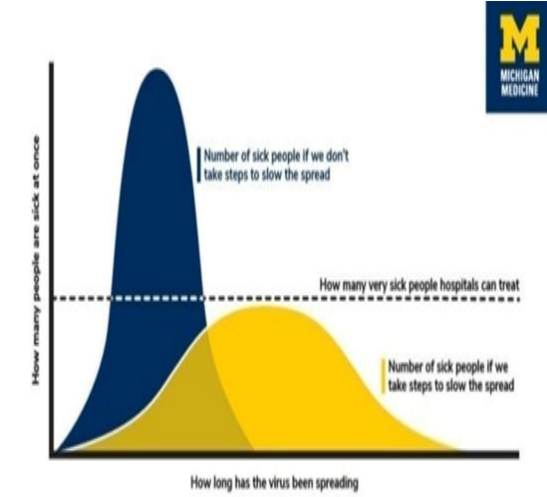
Bollinger Bands are used to create context and structure around prices.

It allows you to answer questions such as "Is the current price high or low relative to the stock's historical price?" or "Is today's price movement part of normal Bitcoin volatility? Or is it statistically significant?"



The higher the center of the curve, the fewer the outliers. The shorter the center of the curve, the greater the variance of the data.

The picture below is an epidemiological chart you might have seen in March 2020, and it illustrates this perfectly:



The key is to flatten the height of the y-axis, which is the number of people infected each time.

The main difference between the yellow and blue curves is that if you randomly pick a person with coronavirus, it will be more concentrated on the mean of the blue curve (i.e. most people get sick at the same time). While in yellow curve likely to deviate from the mean.

The yellow curve has a **high standard deviation**: the average data point is more likely to deviate from the mean.

The blue curve has a **lower standard deviation**: the mean data points are more likely to cluster around the mean.

Standard deviation :

The standard deviation of a dataset measures the difference between the mean data points and the mean.

A lower standard deviation means that most of the data is close to the mean, while a higher standard deviation means that the variance of the data is much higher.

- The **upper band** is plotted N standard deviations above the moving average.
- **Middle band**: N period moving average
- The **lower band** is plotted N standard deviations below the moving average

How to Use Bollinger Bands in Trading ?

All trading strategies primarily utilize two market phenomena: mean reversion and trend following.

In simple terms, the purpose of mean reversion is to enter the market when the **price of a stock deviates significantly** from its historical mean and **expect the price to revert to the mean**. If the price is **within the range**, this is part of normal market fluctuations, and if the price is **outside the range**, it is a clear outlier. Most Bollinger Band strategies bet that, generally, **prices will revert to the mean rather than continue to move in the direction of outliers**.

(Continued)

COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2024p %	Inflation 2024p %	GDP (USD Bn)
USA	28780	55253	2.8%	2.70%	27966
China	18530	10069	5.0%	1.0%	17963
India	3940	5540	7.0%	4.0%	3732
Egypt	347	43	3.0%	26.20%	340
Kenya	104	13	5.0%	5.0%	118
Tanzania	84	7	5.5%	3.0%	62
Morocco	146	64	3.1%	2.40%	122
Nigeria	374	36	3.20%	30.0%	445
Bangladesh	455	124	5.8%	10.00%	486

Forex	Monthly Close	Monthly Change %	2024%	2023%
EUR USD	1.084	-2.03%	-0.6%	2.0%
GBP USD	1.291	-2.71%	2.1%	4.9%
USD INR	84.090	-0.12%	-0.9%	-0.7%
USD KES	129.00	0.19%	18.0%	-21.6%
USD EG POUND	48.92	-1.35%	-58.2%	-19.9%
USD TZS	2695.00	1.11%	-7.2%	-7.5%
USD NAIRA	1643.00	1.68%	-85.5%	-49.5%
USD TAKA	119.25	0.40%	-8.5%	-6.1%



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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”

New Small Cap Stock Idea : Ceinsys Tech Ltd (Repeated)

Editor : Debashish being a super Investor in Indian Market, off late his comment on Ceinsys Tech Ltd was viewed over 14k+ 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.

Debashish picked this company, Ceinsys Tech Ltd mainly due to the following attributes :

1) Good management with strong execution skills & skin in the game

Sagar Meghe’s (Promoter) political career has been marked by his involvement with multiple political parties and his efforts in both politics and business. His career has been shaped by a blend of familial influence, a strong commitment to education, entrepreneurial initiatives, and a vision for regional development.

After joining BJP in 2014, Sagar Meghe’s political career has been influenced by his family’s strategic shift and their connections within the party. The move to BJP was largely driven by the influence of Nitin Gadkari, a senior BJP leader and personal friend of the Meghe family, who played a significant role in welcoming them into the party .

Sagar Meghe does not appear to hold any active responsibilities within the BJP. After facing political setbacks, including a significant defeat in the Lok Sabha elections from Wardha, Sagar Meghe reportedly moved to Dubai with his family.

Apart from him the management team is professionally managed with diverse experience. Ex .Mr. Prashant Kamat - WTD, Vice Chairman and CEO Mr. Kamat is the Whole Time Director, Vice Chairman, and Chief Executive Officer at Ceinsys Tech. He was previously the Chief Executive Officer at AllyGrow. As a techno-commercial professional, Prashant has a progressive career of over 28 years which is characterized by significant accomplishments and increasing responsibilities. He has a proven track record in operations, finance, strategic marketing, business expansion, and new product development.

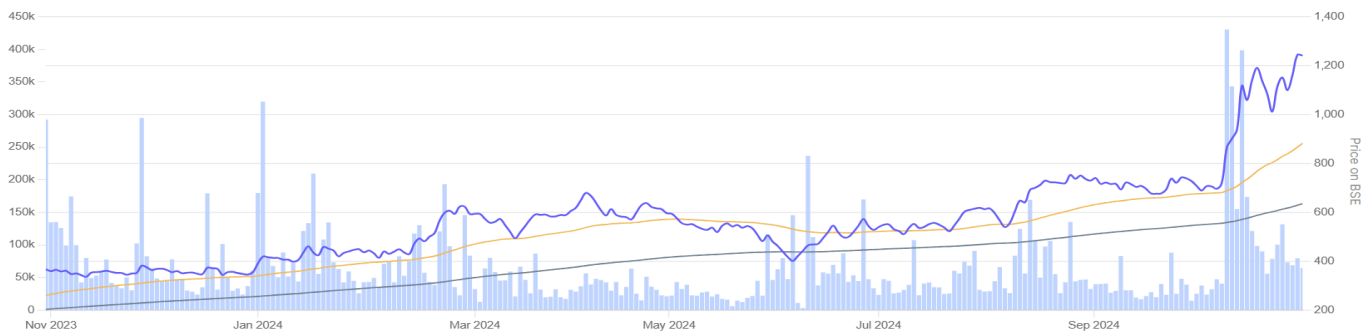
2) Skin in game -The company raised INR 235 cr (at 559/- share price)recently where Rare capital came in as strategic partner .The promoter themselves invested close to 100 cr.

Rare capital (main partners) brings in Ceinsys’ data center capabilities (not physical but tech enabled , scale of Amazon & Google).They have built a 3200 Cr revenue company in 10 years and sold it for \$217m.

3)A company which has competitive edge /Right to win and have clear focused “strategic intent” for years. It can be sustainable profitable growth at least for next 5 years.

Ceinsys Tech is a technology-driven organization that specializes in offering Geospatial and ER&D solutions by providing independent opinions, actionable insights, and efficient solutions across private and government enterprises across the utility, infrastructure, natural resources, and Manufacturing sectors .

KEY INISGHTS - At present predominantly in government tender business where their hit rate of tender to order is 90%+



3) Good Political Connections, first mover advantage, good team with width and depth of knowledge (well qualified team of 82 Engineers, PhD, M.Tech, MS, 18% - MBA, ITI-Diploma holder) having been there for long with VERY LOW @1% attrition rate and a very lucrative retention rate of repeat customers of 40%+.

4) Growth Drivers :

The company is leveraging on India's projected geospatial market growth which is expected to grow at CAGR of 13.5% by 2025.

The company is focused on capitalizing on substantial funding opportunities provided by government initiatives such as National Infrastructure Pipeline (NIP), Jal Jeevan Mission, and Namami Gange program, with a proposed budget of approximately USD15 Billion for water-related projects.

Companies order book is now 1000 cr + L1 bid of another circa 300 cr majorly in this area (Presently cover large Geography is Maharastra and UP, further seed geography is Jharkhand and Bihar, Rajasthan -hence growth will come from geographical reach also) Focused on tapping the growth avenues in smart water management and renewable energy sectors, as India's aims to add over 340 GW of renewable capacity by 2030.

The acquisition of Allygrow allows Ceinsys Tech to broaden its service portfolio by incorporating Allygrow's expertise in core engineering design,

development, and manufacturing engineering services. This expansion is particularly significant in the automotive and aerospace sectors, where Allygrow has established proficiency

In 2018, Grammer AG, of Germany (USD 2.5 Bn revenue company), specializing in automotive interiors and commercial vehicle seats, teamed up with AllyGrow, to form a joint venture in India (70% Ally Grow, 30% Grammer). The JV is functioning as an extension of Grammer AG's R&D Centre and providing high end engineering services to Grammer global locations.

Establishment of a new **vertical MEG-Next** which focuses on innovative product development activities related to Metaverse, Ed-Tech, Gaming (although not right strategic fitment) and Mobility

5) Company should have pricing power given its value enhancing product

Operating margin beyond 15% + with increasing sales according to me is a good sign of pricing power.

6) Reasonable Valuation for entry.

Its not cheap but reasonably valued through reverse DCF method. If we expect 20% share price CAGR return for next 10 years the implied PAT growth is 24% CAGR, which is

achievable given sales growth would be above 15% CAGR because of sector tailwind hence operating leverage would play in and PAT growth would be above 25% CAGR (see past track record below for 5 years, sales growth 7%, PAT growth 59%). It could be like Tata Elxsi in Geo Spatial sector!

Compounded Profit Growth

10 Years:	18%
5 Years:	59%
3 Years:	161%
TTM:	14%

5) Risks:

- Political risk
- Cultural integration (not sure of Organization structure)
- Debtors risk in Govt outstanding

Key things to watch out for :

- Top line growth is expected to be above 25% pa for next 3 years with improved Operating margin %
- Mix of revenue split between Govt. & Private orders (expect to be 50:50 over 2-3 years)
- Geo spatial and ER&D revenue mix (would be 50:50)
- Geographical penetration beyond Maharashtra and UP
- Data Centre revenue

Happy Investing !!

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- **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
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- **A separate Digital Account with Digitian Capital :** This will track trading results for easy reference.

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- **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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