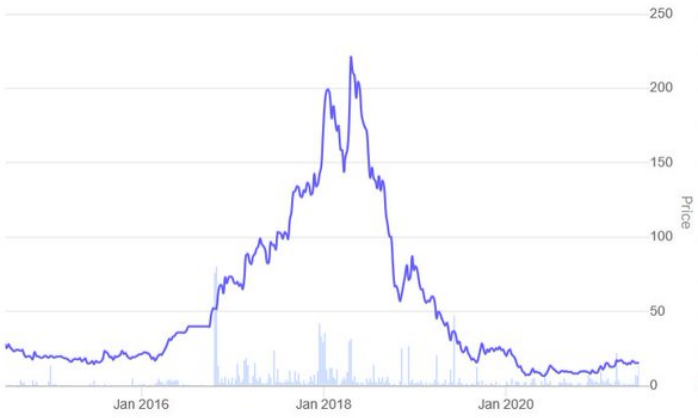
# Twitter Thread by Leading Nowhere



**Leading Nowhere**
@leading_nowhere

**Bull runs in small caps are usually fast and furious, and the cycle repeats itself every 3-4 years. Every time, retail is sold stories of business turnaround and stock charts look fantastic for meteoric wealth creation. For the class of 2020-21, here's a couple of past stars.**

These small cap stocks with 30-40 crore market cap went up 23X and 11x in a span of 24 months between April 16 and April 18. The story looked great then, but subsequently once liquidity and interest disappeared, the prices went right back to where they came from.







When in the thick of the action, it can be difficult to keep a level mindset. To keep the narrative believable, these companies are able to massage their top-line and bottom-line for a short period of time to show an imminent turnaround. Note the trends in these financials.

| Mar 2011 | Mar 2012 | Mar 2013 | Mar 2017 | Mar 2018 | Mar 2019 | Mar 2020 | TTM |
|---|---|---|---|---|---|---|---|
| 106 | 123 | 122 | 264 | 388 | 469 | 301 | 1 |
| 96 | 112 | 121 | 232 | 327 | 405 | 322 | 40 |
| **10** | **11** | **1** | **32** | **61** | **63** | **-20** | **-39** |
| 9% | 9% | 1% | 12% | 16% | 14% | -7% | -7,220% |
| 0 | 0 | 0 | 4 | 29 | 40 | 28 | 5 |
| 6 | 6 | 6 | 14 | 32 | 40 | 39 | 27 |
| 1 | 1 | 1 | 3 | 4 | 4 | 4 | 3 |
| **3** | **3** | **-6** | **19** | **54** | **59** | **-34** | **-65** |
| 29% | 31% | 28% | 32% | 40% | 33% | 18% | |
| **2** | **2** | **-5** | **13** | **33** | **40** | **-28** | **-54** |
| | 0.31 | -0.64 | 1.11 | 2.75 | 2.39 | -1.70 | -3.21 |

The company usually exhausts its ability to massage the financial statements very soon and the business health plummets dramatically. One collapsed so dramatically it has been selling fixed assets. The other one is Uniply Industries - a simple search on Twitter will suffice.

| B. CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES: | | |
|---|---|---|
| Purchase of property, plant and equipment and additions to capital work in progress | (296.02) | (986.86) |
| Proceeds from sale of property, plant and equipment | 2,540.76 | 523.42 |
| Dividend received | 0.60 | 0.60 |
| Movement in bank balances other than cash and cash equivalents | 274.77 | (7.85) |

Newer small cap investors may be subscribed to many Twitter handles, Telegram channels, groups and even premium advisory services. Don't take anybody's word for the narrative being sold to you. On-the-ground-research and scuttlebutt can be plain fiction.

In small caps, liquidity (or the lack thereof) often drives the prices. Upper circuits happen frequently because there isn't enough liquidity. Supply can be snapped up in advance and offloaded slowly to retailers in the form of upper circuits by generating hype.

It doesn't take more than 10-20k shares worth 10-20 lakhs to send a share to upper circuit in many microcaps. Afterwards, it's easy convincing retailers with such a nice chart formation. Chaand bhi paas lagta hai.

Promoters are often themselves playing to increase market cap. Financial jugglery for more sales/profits is an established way to con banks into giving loans, which are siphoned off. The price rise is great too, you can offload or offer as collateral (if any bank will take it).

# ED attaches properties worth Rs 51 lakh in bank fraud case



ED attaches properties worth Rs 51 lakh in bank fraud case

New Delhi, April 22 (IANS) Cracking its whip on economic offenders, the Enforcement Directorate (ED) on Wednesday said that it has attached Rs 51 lakh of seven entities involved in providing a platform to the accused in a bank fraud case to facilitate money laundering.

The ED, in a statement, said that the financial probe agency attached assets worth Rs 51.86 lakh of the seven entities in connection with the bank fraud case against Green Valley Plywood Ltd and others. It said the attached assets include commercial property in Haryana"s Gurugram, and balances in the bank accounts.

The ED had filed the case of money laundering on the basis of FIR and charge sheet filed by the CBI. It was revealed that Green Valley Plywood Ltd and its promoter Jagmohan Kejriwal had siphoned off Rs 70.49 crore of the bank loan amount by devolving letter of credit by showing fictitious sales and purchase with the help of several entities.

According to the CBI, these entities were providing a platform to Green Valley Plywood Limited for money laundering. The ED said, during investigation it was revealed that out of the total inflow and outflow of these fictitious sale and purchase transactions, Rs 51.86 lakh was retained by seven of such entities, namely Global Interiors Ltd, Vikas Globalone Ltd, Vikas Polymers (India), Moonlite Technochem Pvt Ltd, Shubham Chemicals & Solvents Pvt Ltd, s Chemical Connection, Uniply Industries Ltd as commission for providing such platform for money laundering by layering of proceeds of crime.

Advisory services and gurus on Twitter / social media also can use access to eager promoters to paint mind-blowing narratives on these companies. I use the word 'can' here because advisors and gurus always caveat their research, and everyone has the right to benefit of doubt.

# AGM Notes: Young blood at top in Kisan Mouldings promises to deliver

Last Updated: Feb 04, 2019, 01:27 PM IST

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**Synopsis**
This year, the company is targeting Rs 570-600 crore sales vs Rs 470 crore last year.




Kisan has been successfully manufacturing and marketing its products under the brand named KISAN and CLASSIC with a strong distributors network.

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By Soumya Malini and Arun Mukherjee

*(Kolkata's Arun Mukherjee, a college dropout by choice, and Soumya Malani, a London School of Economics passout, have come to be known as smallcap aficionados in India's investor community. They would show up at most AGMs, visit the remotest factories of a company and go chasing end-users to understand their experiences with a product in their passionate hunt for good smallcaps. Soumya and Arun would be sharing their experiences with companies and from the ground in this space every now and and then. Keep watching...)*

Kisan Mouldings is one of India's largest plastics companies, processing around 50,000 tonnes of polymer each year. The company claims to have the widest, most comprehensive and cost–effective range of PVC products, manufactured at its facilities. Kisan has shaped its niche in the field of pipes and fittings for water management, **irrigation**, water distribution and sewage disposal systems. It also manufactures custom moulded articles and moulded furniture.

This is in public interest - I have sat through several cycles of small caps shooting for the skies as a collective group, and leaving many retail investors swearing to never enter the markets ever again once the music ends.

Small caps can build wealth just like any category (with more risk of course). Some small caps I hold have grown to mid caps. Risk management and a leap of faith is necessary here, do check what/who your faith is on. Entries can always be made later when things are clearer.