

Editorial
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Sensex another 400 points up and reason in none other RIL. RIL is heading for 1500 so Sensex will keep on rising. Market short hence expiry should be high. 11500 will hold for sure.

DLF started rising as co announced 12 new projects in GURUGRAM in JV. This will lead to higher revenue and bottom line. Already co has trimmed debt by 50% and hence the new strategy of JV will save capital as well bring business.

Jindal Saw will rise like HEG as pallet prices have rose 50% whereas this is not affected by export ban.

VIPUL ORGANICS could double as capacity is rising by 700% from SEPT 18. ASIAN PAINTS has already signed expanded capacity though DIC Japan and CHINA are still on the wait list for which co will expand capacity by another 200 tons immediately which will take co capacity to 345 tons a month from 20 tons a month. 17 times jump in capacity with no funds raising augurs well for the co. Every CNI member should own just 500 shares of this co as it could behave like ASTRA ZENECA in times to come.

MARUTI today announced they will remain in every segment of 4 wheelers. This supports to our input that GOI may sign MARUTI for election vehicles. Even other parties may approach MARUTI which may see sudden spurt in demand in next 6 month. Stock price might cross 11000.

Change of the week

	01-Sep-18	Rise /Gain
Sensex	38645	386 ↑
Nifty	11680	128 ↑

Net Investments (Cr)

	FII	DII
27-Aug-18	435..5	1117.2
28-Aug-18	(48.8)	(200)
29-Aug-18	(1403)	1114.3
30-Aug-18	798.5	(1598)
31-Aug-18	(212)	171.9
Total	(428)	604

Turnover (Cr)

	FII	DII	
31-Aug-18	56,599	40,965	97,564

31-Aug-18	Advances	Declines	Ratio
BSE	1440	1236	1.16

How do you evaluate a co which is still not great profit making..? I feel the sales is the correct criteria with capacity utilisation. This will help us know how much sales co can do at optimum level.

I have recently case study NUTRAPLUS which has 5 plants and runs at just 25% capacity. Co has reported sales of Rs 114 crs for the FY 18. This include the most robust quarter of MARCH 18 of Rs 35 crs with Rs 3 crs PAT. JUNE co has reported Rs 30 crs sales and Rs 11 crs in its gr co. Full year both put together will cross Rs 230 crs and current market cap is rs 85 crs. Assets value net of DEBT is Rs 172 crs hence stock is under priced.

What are the reasons for the such undervaluation's....

Co preferred to create hardware first rather than going for sales as it had vision of API rise. Prices are now shot up by 50% which is helping the co earn higher revenues. With major MNC signing with co it is clear that the products are in full demand.

NGT issue had affected co in 2017 in a very big way as plants were shut for more than 6 months.

Banks did not release working capital which is not done with.

Co had raised Rs 54 crs through preferential issue at Rs 24 3 years back and some of the investors are still trying to exit. 90% have made exit. Those who are buying at Rs 24 are advantage as they are buying investors 3 years free of cost.

For me API is technology driven dirty chemistry business. It is difficult to copy. Those who produce BRUFEN will only produce BRUFEN. Those who produce paracitamol will be there in paracitamol alone. NUTRAPLUS is the only co in INDIA which has presence in 50 products. Out of 50 14 already under production in 5 plants at tarapur. Rest of 36 products will be done at DAHEJ for which co has received EC.

I have gathered this information from the co presentation the BSE website but investors have no time to go through.

This is how you have study each and every co and see is it value buy. Any co which trails much below the asset value is a great buy.

5 Top Gainers			
Stock	31-Aug-18	27-Aug-18	% Gain
ADANI TRANS	227.9	169.4	34.5
FUTURE.CON	52.65	44.1	19.3
KIRLOSKAR OIL	297.8	252.8	17.8
BOSCH	22048	18810.5	17.2
REL INFRA	477.05	409.5	16.5

5 Top Losers			
Stock	31-Aug-18	27-Aug-18	% Loss
KWALITY	19.95	25.75	22.5
INDIGO	929.1	1057.5	12.1
DB CORP	223.2	250.7	10.99
QUESS CORP	977.4	1074.5	9.04
VAKRANGEE	38.7	42.5	8.94

Top 5 Picks By CNI 'A' Group
Company
SBI
TATA MOTORS
BHARTI
ICICI BANK
SAIL

Top 5 Picks By CNI 'B' Group
Company
RDB RL
POKARNA
PODAR PIGMENT
JET AIRWAYS
DFM FOODS

Today I am writing about small caps and mid caps. Sept and Oct 2 months will be all round mid cap and small caps rally will happen. Reason is very simple.

RIL has contributed to 740 points Nifty rally out of last 1000 points rally. Hence the INDEX game is done with. Indices will move in slow speed now as 12000 is very nearby.

Who did you think bought all midcaps and small caps when DII kept on selling even at 50 lower..? No guess right. DII are at last leg of selling. FII are least concerned as they were not affected by SEBI circular. The entire selling is absorbed by operators and they are not fool. They are destined to make profits.

Consider this RIL stock was at Rs 600 and every analyst said it is worst stock and head for Rs 200 except CNI. RIL stock kept on getting accumulated for years. Then came the JIO which again created doubt in the minds of analysts. They said this stock will fall as M A had spend Rs 3 lacs and this stock will not recover this kind of money. But JIO did the trick and RIL kept on rising. Our call was Rs 2500 and currently stock is at Rs 2600 (ex bonus rs 1300) whereas I see it crossing Rs 1500. This is the way these people work.

The crash was imminent as stocks were over owned by HNI's PMS and DII. Now the fat is gone and stock is in the hands of operators. They will double or triple their money. Why I am writing this...? To give confidence to you all that even though you are down today you will be back to square one in next 2 months.

Should you add these stocks for averaging, my answer is no. Instead you should add new stocks. The profit earned in new stocks should be theoretically be reduced from the old holding costs. The reason is very simple. Recovery in new stocks which are rising could be faster than the older stocks hence bet should be on new stocks. VIPUL ORGANICS and RDB Rasayan could be these 2 new stocks.

RDB Rasayan has been a hit stock. CO has reported super nos in Q1 at 4.13 crs. As per MGT they will close the year with Rs 21 crs PAT. This is normal biz where I see valuations at Rs 250 per share whereas cmp is Rs 103. You have to take your call. Now to my knowledge RDB Rasayan has been shortlisted for PET distribution of ONGC in the eastern zone. This could be volume biz. If done this will add more than Rs 5000 crs topline every year with thin margin of 1.5 to 2%. Thus this stock could be bulls band wagon for next 2 months. Technically above Rs 103.4 first target seems to be 130. What will happen to this stock you have to decide...?

Srei crossed rs 52, JAIN 83 and DLF 218 clearly indicate that my view is correct and let OCT come we will discuss the same.

Indices run is almost completed. RIL is correcting so also INDICES. No sane operator will try and enter at 10800 unless he wants to take it to 12500 in Sept itself.

Hence their focus will be on midcaps and small caps more particularly the beaten down stocks where they have amassed huge positions.

Therefore I suggest holding stocks like JAIN Srie Ujjivan India Cement and DLF as they will follow TISCO model in coming months.

New additions should be made to RDB RASAYAN which has potential to double from here on. Selling drying and buying continues.

First day negative opening was as per my expectations. Reason is very simple. At life time high no operator is going to build fresh positions. They will build at lower levels. There was no magic. There is no physical settlement hence stocks like Tisco and RIL where shorts were amass had risen in the last settlement. Now in order to see Nifty correct they have to bring down RIL only. RIL always give rs 100 move hence it may correct till Rs 1200 or even 1190 after having made high of 1330. Well, that is enough. If Nifty was high by 760 points only thanks to RIL then Nifty can be down again thanks to RIL.

They have taken cash difference in RIL and Tisco. Now it is turn of beaten down mid caps.

I feel the biggest ever rally of midcaps and small caps will happen in next 2 months as operators only bailed out DII at lower levels. Now if these stocks rise another cheques are waiting for them. Why did DLF rose from Rs 169 low to Rs 222..? Now that RJ's name appeared in shareholding and hence many funds will DLF now. So what will happen is that operators will drive this stock to new high say at 275 and then entire white collared chartists travelling in VIRAR train and also appearing in TV channels will start giving buy calls with DLF a great story etc.

DLF will fire towards new high and operators will pocket at least 50 pc cool gains. They destined to take this stock to Rs 500 but not without volatility. Traders will die and investors will merry.

Similar will be the case with other mid caps such as JAIN SREI UJJIVAN CAMLIN JINDAL SAW. Pallet prices crossed Rs 10000 per ton which will help JINDAL SAW in huge way. Stock has to double now. GODAWARI could be another stock to benefit.

NMDC rose iron ore prices by 5% which will benefit all IRON ORE stocks such as NMDC, SANDUR, IMFA, TISCO and MANGAL CREDIT etc having exposure to iron ore. MANGAL MINES have top grade iron ore of FE content 60 61 as per sources. Production has not yet started but the value is rising. I really sometimes wonder how stock market function...? At Rs 6 this stock is at Rs 100 crs market cap whereas the mining value should not be less than 1000 2000 crs (my estimate) and when the value unlocking will happen investors will the same stock even at Rs 50 mind my words. I am not recommending but drawing your attention to the market anomaly.

Fear and greed is the thumb rule of the market. There is still extreme fear that market will collapse in SEPT and hence many are still shorting. Since traders were short at 10000 Nifty could see 10800. Fresh creation of short will create more upside.

DIWALI will celebrate at 12000 plus Sensex 40000 plus. So keep enjoying the market. Once again I reiterate that NDA will win 2019 elections with not less than 330 seats hence there is no uncertainty in my mind though there is 99 pc uncertainty in traders mind (from 10000 Nifty) hence market will remain always short giving vitamin to BULLS.

Global Story

Nifty after testing 11800 life time high tried to rest for last 3 sessions. RIL was the only stock which helped Nifty to rise 760 points out of last 1000 points that means 76% rally was assigned to REL alone. After hitting near high (may be close to life time high) of Rs 1328.75 ex bonus Reliance stocks corrected Rs 90 in last 3 sessions. RIL has 9.48% weightage in Nifty hence this fall of Rs 90 (6.7% correction from the top) could have brought down Nifty to 11000 or around but this has not happened. Why we will deal little later.

Index management is the key and cash settlement is the cash cow of the Indian bulls. In July Tisco had tested below Rs 400 and in AUG expiry it closed above Rs 600 giving more than 50% returns in less than 30 days. Tisco definitely has negligible weightage (.8%) in Nifty hence fall and rise was not part of Index management but cash credit through cash settlement.

The JUNE- JULY crash was so terrific that 99.99% traders and investors were victim of FEAR. Some threw themselves in the towel whereas die hard traders kept on shorting. There is always an interesting and beautiful observation in the share market, that is shorting always happens at the bottom not at the top. At Rs 650 no one shorted Tisco as it was very bullish on charts. Rather Whole Street was long. JUNE-JULY crash brought down this stock to Rs 400 and there is where enough shorts were created. Media, brokers and market intermediaries play a perfect role of ghost creation. The investors also consider himself as ROBINHOOD and believe in his ability to time the market. He sells stock with a vision to buy at bottom and make profit though in reality it never happens.

Only the people who control the market knows this game very well. They are here to stay even if Tisco becomes Rs 200 or becomes 1000. Their bread and butter is this Rs 200 where you sell they buy and you buy and they sell.

Coming back to the Reliance example, the fall of Reliance is managed with other stocks in Nifty such as Hindalco, Infosys, Bajaj Auto etc. Hence the fall of Nifty from the highest level is not even 120 points. Off course this was after 50 points that was the cost of roll over.

What does it all mean for investors and what should they do now..?

Having taken Nifty to 11800 the upside remains limited. We see the immediate upside of 12000 which means you have to take Reliance to Rs 1300 back which will pull Nifty to 12000. In fact, our calculations suggest only Rs 40 is enough to reach that destination but on safer side we have taken Rs 50 around.

If we believe that our Indian bulls which had taken Reliance one way to Rs 1328 has no capacity to take it back to Rs 1300 then it would be a big surprise and shock. Therefore the logical conclusion could be Reliance may struggle a bit and could travel towards Rs 1200 whereas Nifty could rise thanks to other 49 stocks in the Nifty which will be easily managed on any given day.

This also leads to our belief that life will return to midcaps and small caps. Why..? There are many arguments for the same.

First is that after SEBI circular of Nov 2017 on midcaps, there was across the board selling in midcaps as every fund was over leveraged and over exposed to midcaps violating SEBI circular. This had cascading effect on PMS (mushroomed over last couple of years) and were over owned in mid caps. Also were over owned and over leveraged by large chunk of HNI's not part of market drivers.

The fact is that stock prices collapsed 50% in most of cases in midcaps but there was someone who bailed out every one. Who is that GHOST..?

This is the one who has invested heavily even though market was not supporting. With the end of AUG series where tons of money was made in Nifty, RIL, Tisco and few more stocks through cash settlement the focus is obviously shifted to mid caps as the selling is by and large completed.

What is the use of holding these shares if it has to fall further..? No use. Therefore logically the theme is very clear to take these stocks to earlier levels or even at 52 weeks high where it will be full circle. e g DLF made low of Rs 168 and now trails at Rs 220 the stock had hit high of Rs 273. Imagine what will happen if the stock cross Rs 273..? Media, chartist, and almost all the intermediaries will open lines for new KBC.

Now the question is milking gains through large caps and or mid caps. By and large the culture has changed in last 3 to 4 months where all DII have changed gears from mid caps to large caps. Many large caps are now are over owned and

they will crash only on one bad news which we had seen in case of Infosys six months back. Stock had corrected to Rs 850 and now the same stock is at Rs 1450.

Rationally with less capital you can milk more mid caps and small caps whereas from here on huge capital will be required to milk from large caps and Nifty.

Nifty after JAN 2018 first time had crossed open interest of 3.4 Crs in AUG series and seen at least 1.2 Cr shares getting expired on the settlement day yielding huge cash credit.

In view of the same we believe that the focus will shift to midcaps and small caps for next 2 months. GDP Nos will help market rise more.

Having come closer to our target of 12000 now 12500 before election is not too far. We were only one to predict 12000 before election when Nifty was 10000. Whom to listen, how to act, how to protect your hard earned capital is your call at the end of day. When you insure your health, your assets then why not your finances by taking professional help.

Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	01/09	27,888.55	-275.50	-0.98
Singapore	Straits Times	01/09	3,213.48	-12.24	-0.38
United States	NASDAQ	01/09	8,109.54	+21.18	+0.26
United States	DJIA	01/09	25,964.82	-22.10	-0.09
United States	S&P 500	01/09	2,901.52	+0.39	+0.01
Japan	Nikkei 225	01/09	22,865.15	-4.35	-0.02
United Kingdom	FTSE 100	01/09	7,432.42	-83.61	-1.11
Malaysia	KLSE Composite	01/09	1,819.66	-0.98	-0.05
Indonesia	Jakarta Composite	01/09	6,018.46	-0.50	-0.01
Thailand	SET	01/09	1,721.58	+1.15	+0.07
France	CAC 40	01/09	5,406.85	-71.21	-1.30
Germany	DAX	01/09	12,364.06	-130.18	-1.04
Argentina	MerVal	01/09	29,293.52	+2,538.67	+9.49
Brazil	Bovespa	01/09	76,677.56	+273.47	+0.36
Mexico	IPC	01/09	49,547.68	-105.46	-0.21
Austria	ATX	01/09	3,299.75	-18.29	-0.55
Belgium	BEL-20	01/09	3,740.71	-40.97	-1.08
Netherlands	AEX General	01/09	558.42	-4.95	-0.88
Spain	Madrid General	01/09	951.78	-7.00	-0.73
Switzerland	Swiss Market	01/09	8,973.56	-68.50	-0.76
Australia	All Ordinaries	01/09	6,427.80	-32.73	-0.51
China	Shanghai Composite	01/09	2,725.25	-12.49	-0.46
Philippines	PSE Composite	01/09	7,855.71	+2.55	+0.03
Sri Lanka	All Share	01/09	6,080.26	+3.58	+0.06
Taiwan	Taiwan Weighted	01/09	11,063.94	-29.81	-0.27
East Israel	TA-100	01/09	1,492.97	+3.73	+0.25

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