

Editorial
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Manappuram crossed 137 again and heading for new high. We had very categorically said that it seems the huge volumes of FRIDAY was ploy after BS ran story of SEBI order in the 5 year old insider case. But the game is done, stop losses got triggered and counter is now short. So let us see where it is heading.

There is so much pessimism in the street that people are shorting at every level. Also they believe that INDIA story is over. They are also talking about spill over effect of IFSL and now of DHFL over market. They are also talking about few more defaults in the market.

I am fully aware all these but yet do not sound bearish for my own perception. On the one hand the problems are getting exposed every day whereas on the other hand FPI are increasing their bet in INDIA every day. As of now from FEB 01 till date they have invested Rs 86000 crs and all set to cross previous record of Rs 97000 of May 14....why..?

They believe that this is clean up happening in INDIAN systems which is good for the long term prospects. In fact, 2015 16 were robust for India from GDP point of view yet they were sellers in INDIA. Thus they believe that now making new scams will be difficult. Old problems has to be cleaned up once. Even you all clean your house on DIWALI.

Thus they believe that NAMO will be able to make INDIA third largest economy in the world and hence they will have this a safe destinations.

2 more rate cuts are on card which will lift the earnings finally. Fall in interest burden will make many co's grow. Also new policies which will deal with labour, exports, manufacturing will be largely good for INDIA. Hence the eye are on the Budget as this will reformist budget after the elections. If Govt is able fix the fiscal slippages with growth stimulus market will rally further.

Also you cannot forget that global markets are rally mode.

A co where we had warned from time to time heard has come under SFIO radar for Rs 20000 crs scam. I will not mention the name as bad fame to any co is not our policy. We just protect out followers from entering such co's.

Instead follow a bottom up approach and buy co's which are financially strong, promoters are cash rich, there is no debt on the books and co is growing. RDB Rasayan and Vipul Organics score high on these grounds. To buy or not i

Change of the week

	15-June-19	Rise /Gain
Sensex	11823	157 ↓
Nifty	39452	47 ↓

Turnover (` Cr)

	FII	DII	
15-June-19	44,378	21,971	66,349

15-June-19	Advances	Declines	Ratio
BSE	791	1739	0.45

Net Investments (` Cr)

	FII	DII
10-06-2019	320.4	170.6
11-06-2019	301.7	(151.0)
12-06-2019	(643.5)	271.1
13-06-2019	8.4	(444.8)
14-06-2019	(238.6)	376.4
Total	252.6	222

your call. If you love volumes which are bogus then as mentioned above you may become victims of co's which are in scam. Finally you capital will become zero there.

My job is to create awareness and your job is to see value in the co. Any co below 10 pe with above criteria must be added with conviction even if the price is falling. Falling prices could be opportunity. Price fall must be for 3 reason. Weak hands exit, strong hands push prices for accumulation and third lack of buying interest from investors. If stock is falling with huge volumes then certainly there is problem. If stock is falling with very thin volume then certainly there is an opportunity. Smart investors always use others weakness as self opportunity.

Nifty destination is 23456 and we have not yet in the bull market like 2005 1007 hence we should wait peacefully for bull market to unfold

When I saw an article in the E T about the chemical sector I had the last laugh. Well this had to happen sooner than later. The problem with the retail they lack self conviction and buy with the trend. Now see what happened in MANPASAND, VAKRANGEE, R CAP , R INFRA, SUZLON, MERCAROR, KRIDHAN INFRA, DLFL, SUN PHARMA and IB Housing. All these stocks have fallen from the top and your entry wan never at the bottom if you have at all entered. All these stocks were out of our review as we were never comfortable with these stocks.

Now that chemical story has started and you all will buy when the prices rise 5 times at that time similar thing will happen that is you will get stuck at the wrong time in such stocks.

SUN PHARMA I had been telling you since 1200 that you should avoid this stock and the rationale given was diversion to other businesses killing its own cash cow. Ranbaxy and SUZLON were the cash eaters. And finally see even GOLDMAN to had downgrade with target of Rs 355. Where would it get API if NAMO announces generic prescription mandatory...? Would they go and search an API co or try to set up a new API within co. API is a dirty chemistry business and if you try to match this with US FDA standards (no choice if done in the co) then the cost will rise by 200% and it will be unviable. Therefore API has to be sourced and you need to have a stake in a co where API is available so that you have API outside co and still does not match US FDA standards for API.

5 Top Gainers			
Stock	14-6-2019	10-06-2019	% Gain
ABBOTT INDIA	8569	7935	7.99
MOTHERSON SUMI	123.1	114.35	7.65
MANAPPURAM	141.6	131.8	7.44
FORTIS HEATH	130.45	122.3	6.66
STERLITE TECN	181.75	171.3	6.10

5 Top Losers			
Stock	14-6-2019	10-06-2019	% Loss
CHOLAMANDALAM	291.8	1478.2	80.2
BIOCON	248.9	528.4	52.9
SYNGENE INT	326.5	669.7	51.2
JET AIRWAYS	82.05	125.65	34.7
J&K BANK	42.35	59.45	28.76

Top 5 Picks By CNI 'A' Group
Company
REL
TATA MOTORS
INFY
TATA POWER
EICHER

Top 5 Picks By CNI 'B' Group
Company
RDB RIL
VIPUL ORGANIC
ACRYSIL
ZYDUS
CADILAL

Nifty will surely cross 12000 mark for the third time. But I am still concerned about the midcaps and small caps.

J and K Bank one should try to exit even the fundamentals could be good. This is not becoming political victim. You cannot visualise what could be next and hence the uncertainty may damage the investors' confidence. Before FPI comes for selling retail should exit and switch to good chemical co.

You can always write to me if you want to find out the co which you have selected where it is good or bad. I cannot cover each and every co here. I had given certain guidelines of stock picking which you should follow on your own.

Range of Nifty will be 11840 to 11960. Call premium eating is the solo objective.

Clean up exercise from Govt is still going on. All those who have tempered with GST are getting punished. Even DRI and ED are in action everywhere apart from I T department making life miserable to all those who are involved in fraud with Govt.

A latest news is that DRI arrested a listed co's promoters for fraud of export commitments but my question remains why exchanges do not take action...? Earlier another listed co's promoter was arrested for Rs 2200 crs fraud yet stock kept on hitting new highs around Rs 80 90 and finally corrected to Rs 16 now. That means the risk and responsibility to protect investors is on the investors themselves and they need to be vigil all the time.

Anyways, coming back to market, we have to wait for mid cap rally. Once this start we should see the sigh of relief from the point of retail investors. Till that time all new big retail investors should be happy with large cap MF where they get 16% annualised return.

Some investors those who have entered in some B gr stocks at higher prices should average it now as the time gap is almost over. They will be hugely rewarded. Say e g if you have bought a stock at rs 80 and cmp is Rs 40 with no change in fundamentals such as promoters integrity, co's growth, sector and only valuation corrected due to market sentiments then a good case of averaging. I such case average cost will come down to rs 60 which will come in say 2 months where you can sell 50% and hold original holding as it is with now priced at Rs 60 instead of rs 80 and enjoy the long term fruits. But certainly avoid stocks at any cost where promoters integrity is at question.

We have examined the shareholding of few companies by taking physical inspection and realised that in many co's some vested interest are working to bring down the prices intentionally by making losses of crores of Rs.

Enjoy till that time. read our in-depth analysis on market every Saturday.

Today it is end of the road for the street as far retail is concerned. Many brokers have started firing people. At least 3 brokers I have come to understand are reducing strength by 800 to 1000 people as their cost cutting started in absence of brokers.

Margins have triggers with HNI's which has converted many good stocks in sell off. Investors have lost faith in stock market. This is call TSUNAMI. Yes, this is the TSUNAMI where people are selling stocks even at 2 PE which means market is near bottom.

Ultra HNI's are investing in large cap funds assuming that they are safe. Equity is never safe. You never know what is in the store tomorrow. What if large cap stops rallying on reach valuations and flow get diverted...? What if SEBI reverses its Oct 2017 circular..? What if FM removes LTCG..?

In my view extreme pessimism where no 1 want to invest even Rs 100 then it is time of reversal.

Wait and watch. I believe Nifty will rally to 12500 in next 20 days and then the mid cap and small cap rally will start. Others exit at 2 pe should be your entry in order to gain big. Be contrarian.

Global Story

Nifty is hovering around 11800 12000 whereas market was going through NBFC crisis once again. Earlier it was ILFS alone but now various other NBFC names catching the fire in the street. IB Housing, DHFL, Reliance Capital are among few big names. Though DHFL met with the debt obligation in the short term what is the further course of action..? Someone dragged I B Housing to S C for Rs 98000 crs case though withdrawn later. The stock price will depend on the same. There may be short term triggers for the upside but certainly investors will watch more in such companies.

JET Airways was out of sudden announced to be out of F and O. Stock tanked 31%. What does it mean..? We had mentioned earlier also that ETHIAD will not buy as there is no cash in the Balance Sheet of ETHIAD.

Yes bank crashed 12% on more resignation of directors from the bank whereas PNB came down cracking after Sintex found in debt default. PNB exposure to Sintex was Rs 760 crs.

In fact, Sintex has debt of around Rs 5300 crs where PNB BOB BOI SBI Syndicate Bank IDBI RBL and P and S Bank has exposure. The default was Rs 110 crs NCD yet market perception changed. The figures are subject to verification hence you may verify the same at your end.

Sintex stock was recommended very strongly by some SINGAPORE's big fund which was also involved in JBF Industries. Stock was split when it was around Rs 130 140 levels and now the stock has corrected to Rs 9.05 in case of Sintex Plastics and Rs 3.85 in case of Sintex Industries. What was the purpose of split is therefore remains questionable. Earlier JBF too fell as victim of high debt.

There are various kind of defaults happening. One debt service default including banks and NBFC, promoter pledge default, FCCB default, GST default and I T default. Debt and GST are the grave areas.

If stocks prices are falling without any defaults and unaffected growth only because of margin trigger or bad sentiments and available at 2 to 5 pe then it is a golden opportunity to make strong investment in such times.

Whenever bears want to attack the market they use the defaults and hammer the stocks and cut only when media makes the story. But by that time enough damage gets done and job of bears too get done. High promoters pledge is used to attack again but this time there is added flavour of takeover attempt.

Thus CNI once again reiterate our stand that before buying stocks just based on big names or high volumes proper due diligence is required.

Even media stocks were at receiving end during the week. Many stocks are becoming history on the stock market and will get suspended in course of time as promoters will use the method of non co operation and will not file filing fees. After few years exchange will de list them.

The clean up process will continue but how long we do not know...? Probably, no one knows keeping the fingers crossed. Prima facie, it looks like the current crisis is group centric and hence would affect only those groups which are in crisis. But this will be a consolidation for the stronger groups and hence they will be benefited. That is the reason market is not falling even though all bad news are being seen at the moment.

But this picture is contrary to facts where for ordinary investors the Nifty could be just 7000 or below as none of mid cap and small is sustaining. A PSU stock like HINDUSTAN COPPER has corrected over 50% and current price is Rs 40 and there are no takers can explain the situation.

The FPI figure so far from 1st FEB 2019 is Rs 83000 crs plus which suggest that FPI remains positive in INDIA.

Though LTCG was not a culprit for market fall the fall had incidentally started with the Budget 2018 where LTCG tax was invented. The grandfathering clause makes it sure that none will pay LTCG as stock prices, by and large, are not even 25% of the GF date. Why are we reminding the Budget to you...?

The fall was triggered on SEBI circular of Oct 2017 but the action started with Budget where LTGC tax issue used for the selloff. The first casualty was PMS sell off. In India more than 1000 PMS had started with a size of Rs 50 crs to 1000 crs and now almost all shut once for all.

This 18 month fall was more painful than all earlier falls. It was bad than the 2006 2009 2013 falls. Govt too realised that punishing capital market will never help so there may be some sops in the Budget 2019. Hence, 2019 Budget could be a reversing trigger.

Tsunami is always followed by re construction. Even this time the reconstruction will happen. But sectors and stocks will change. Every new rally has started with fresh sectors and stocks. Because those who control markets have made exits from many high profile mid caps and retail and large Institutional investors are stuck. Institutional investors will never shy to exit even at Re 1 as they have to balance out the losses against profits in some other scrip's. They have to give 12 to 16% dividend at the most which is easily possible even after absorbing losses of weak stocks. eg MANPASAND and SINTEX as the case may be. But for retail it is huge pain.

Therefore investors should safely choose the route of MF, that too, a reputed one and be happy with limited returns. HNI's always try and take risks and they will chose new stocks and new sectors for that matters. If your following large HNI's then be careful in your approach. We have seen some big hotel stocks becoming penny stocks where big HNI's had invested.

Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	15/06	27,118.35	-176.36	-0.65
Singapore	Straits Times	15/06	3,222.63	+1.97	+0.06
United States	NASDAQ	15/06	7,796.66	-40.47	-0.52
United States	DJIA	15/06	26,089.61	-17.16	-0.07
United States	S&P 500	15/06	2,886.98	-4.66	-0.16
Japan	Nikkei 225	15/06	21,116.89	+84.89	+0.40
United Kingdom	FTSE 100	15/06	7,345.78	-22.79	-0.31
Malaysia	KLSE Composite	15/06	1,638.63	-5.11	-0.31
Indonesia	Jakarta Composite	15/06	6,250.27	-22.82	-0.36
Thailand	SET	15/06	1,672.33	-1.81	-0.11
France	CAC 40	15/06	5,367.62	-8.01	-0.15
Germany	DAX	15/06	12,096.40	-72.65	-0.60
Argentina	MerVal	15/06	40,487.61	-158.67	-0.39
Brazil	Bovespa	15/06	98,040.06	-733.64	-0.74
Mexico	IPC	15/06	43,130.65	-352.55	-0.81
Austria	ATX	15/06	2,940.35	-8.98	-0.30
Belgium	BEL-20	15/06	3,463.71	-28.44	-0.81
Netherlands	AEX General	15/06	553.24	-2.61	-0.47
Spain	Madrid General	15/06	926.62	-5.21	-0.56
Switzerland	Swiss Market	15/06	9,847.61	-14.22	-0.14
Australia	All Ordinaries	15/06	6,633.60	+14.50	+0.22
China	Shanghai Composite	15/06	2,881.97	-28.77	-0.99
Philippines	PSE Composite	15/06	7,990.20	-61.56	-0.76
Sri Lanka	All Share	15/06	5,383.72	-3.64	-0.07
Taiwan	Taiwan Weighted	15/06	10,524.67	-36.34	-0.34
East Israel	TA-100	15/06	1,446.77	+12.37	+0.86

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