

**Editorial**
**Vol -1, No-I, 24 Aug, 2018, 10 pages**

Market recovered as US recovered. Had there been issue with LIRA INDIA would have never seen GREEN. This was another ghost for you. In fact, YAUN could be another ghost for you though I still believe that no one can beat CHINA for next few years.

Nifty bounced back.

Select stocks firing. VIPUL ORGANICS hit upper circuit today as there is huge interest from many FUND investors in this stock but blocks are not available. This is thinly traded share. Capacity expansion will show colour only in Q3 hence those who have invested should wait patiently. Apply the simple rationale Co does Rs 100 crs around biz with just 20 tons what could be the size after first expansion of 125 tons a month new capacity. Will it end here or further expansion...? Demand suggest it cannot stop at 145 tons... DIC JAPAN has shown lifting 400 tons a month hence there could be more expansion.

Look out for companies where MGT is clean, sector is good, co's are expanding, and there are no boundaries in the business. If any co fulfils there criteria it will become multi bagger. We have many more criteria's while selecting co's for research.

I am looking at 12000 as first destination. At 10000 no one was convinced at 11400 every one. Now the worry is mid caps. This will also resolve.

Hold and buy stocks at will. Distortion is always with some motive. Beat it.

**Change of the week**

	24-Aug-18	Rise /Gain
Sensex	38251	300 ↑
Nifty	11557	90 ↑

**Net Investments ( Cr)**

	FII	DII
20-Aug-18	(483.04)	593.2
21-Aug-18	254.2	197.8
23-Aug-18	433.2	142
24-Aug-18	(75.7)	904.7
<b>Total</b>	<b>129</b>	<b>1837</b>

**Turnover ( Cr)**

	FII	DII	Combined
<b>24-Aug-18</b>	<b>40,292</b>	<b>28,421</b>	<b>68,713</b>

24-Aug-18	Advances	Declines	Ratio
BSE	1140	1569	0.72

Nifty tested 11600. So long as shorts are alive market rally will continue though we will not enter Nifty till expiry.

Tata steel Tata Motors and Maruti looks good in A gr. having crossed DLF Rs 200 can show good strength. May see Rs 230 in the expiry. Mannapuram and Muthooth are down because of KERALA issue. But these are knee jerk reaction. Once things settle these stocks will rally more as shorts are getting built.

RDB Rasayan VIPUL ORGANICS looks good in B gr. RDB Rasayan has posted excellent results. Now the stock in new range. Also heard from sources that they could acquire some global facilities going forward. Co has Rs 70 crs cash in the books hence stock is at Rs 58 ( minus cash ) which means on FY 19 EPS of Rs 10 it is trailing at 6 pe.

Vipul Organics hit 255.25 upper circuit today. I think we should see major action in this stock post starting of commercial production in Sept 2018. Capacity rising from 20 to 145 tons per month which means sales should also rise in that proportion. Stock price you decide....

RDB rasayan is on rising mode. Stock has been a great pick for CNI members. Stock has crossed 3 digit yesterday and even today. I believe stock has good potential as nos will be fantastic. You have to decide whether you want to bet big on SBI RIL TISCO where 100% rise is very difficult but in this stock there could be more than 100% upside. We value co this way... co will be earning rs 20 crs PAT and 15 times of that means market cap has to be rs 300 crs and cmc is Rs 170 crs hence there is 100% upside.

Your conviction is your wealth creator. If you have conviction to hold the stock for long you will build wealth. How many of you have CAMPHOR, CERA, WIMPLAST or STYLAM..? Then there is no point in crying. You have sold it and no one else can be blamed for that. Now RDB RASAYAN could rise many fold as these nos are without expansion. When expansions nos become visible then stock will be in the sky....

Strategy should be that if you have bought at 80 then 50% sell at 160. If you are buying at 100 then 50 pc sell at 200 and rest keep in portfolio with zero cost then only you will digest 10 times returns.

I can only direct, rest is your call. Every investors is wise and intelligent but the problem is he is lured with short term gains.

5 Top Gainers			
Stock	24-Aug-18	20-Aug-18	% Gain
WELSPUN CORP	161.6	126.5	27.7
BOMBAY BURBAH	1925.4	1559.8	23.4
HCC	15.02	12.8	17.0
KAJARIA CERAMIC	480.8	411.65	16.8
CUMMIN LTD	765	676.6	13.0

5 Top Losers			
Stock	24-Aug-18	20-Aug-18	% Loss
HDIL	29.8	34	12.35
HEXAWARE TEC	431.5	487.1	11.42
GRAPHITE	979.7	1095.8	10.6
PCJEWELL	90	99.55	9.59
THE NEW INDIA ASS	241.2	266.4	9.44

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

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

2 German co's including BASF are shut for API and hence INDIA API demand is rising more. BRUFEN ACELOFENAC are in huge demand. There is continuous attempt to suppress the share price of NUTRAPLUS by some vested interest as they are eyeing major chunk in the co and lower the price better for them hence they are making continuous losses in the scrip. No matter what they do what I have learnt from sources is that NUTRAPLUS is continuously adding more and more clients for ACELOFENAC.

New clients addition as per sources is as under...

IPCA Labs, Wockhardt, Mankind, Lupin, Medley Pharma, Sun, Blue Cross, Hetero, Cipla, FDC, IDCCO, Unison Pharma, Albert David, Jenburkt, Khandelwal, Systopic, Unichem, Torrent, Meyer Organics, Unique Pharma, Noel, Pharmed, Wnberry, Zydus, Indoco, Abbott, Comed, Emcure, Chemplast, NABA and many more.

Therefore this will be golden opportunity to buy this stock with conviction. Others loss should be your gain and that will happen only if you buy with conviction when the price is low for some reason.

RDB Rasayan has crossed the landmark of 3 digit and hence will rise further. With expected pat of Rs 20 21 crs stock is worth buying in my opinion. Due diligence is your call. Expansion is still not reflected in the working of the co and by the time it is reflected the price may not be the same.

Nifty has upside of 12000 may be in Sept 2018. Before May 19 we may see 12500. Reasons I have explained time and again.

I would suggest buying stocks where FII are not present so that you have early movers advantage. RDB Rasayan has seen 3 FII into it but their holding is less than 1% hence we may see more participation quarter after quarter before it becomes a blue chip.

Market at 11600 and nerves of every investor is on heart beating. Above that everywhere there is talk of 5 pc correction. Whether it is face book or whats up everyone is asking to be cautious. Whenever caution is warranted market goes up this is the thumb rule.

Now I feel pharma API and selectively, realty and auto will participate in the rally. Dr Reddy could be a surprise pack. DLF is already firing. MARUTI will be election bet as Govt will vehicles from MARUTI as per sources.

SUDARSHAN CHEMICALS fired 7% today and market cap is rs 3300 crs whereas VIPUL ORGANICS si trailing at market cap of just Rs 200 crs. Keep watch on the sector and co.

Srei hit today upper circuit. Management must be having big role in fall and rise. Deferred result clearly indicates the same. So do not panic and try to exit around Rs 80 which I believe will come on screen.

My Nifty target is 12345.

## Global Story

Nifty closed at 11572 which was way above 11500 benchmark. Friday correction was part of the rolls exercise. Nifty had crossed 11600 in this week which was the life time high.

Once again ahead of expiry the usual suspicion and rumours have seen active participation. Especially in social media the word of caution is spread with 5% correction expectation. Undoubtedly the timing was again just ahead of expiry. This was due to the fact the open interest in the AUG series is as high 3.1 cr shares which is almost 50% higher in MAY series. Rolls have started and we believe at least 50 pc will die down as there is no full physical settlement in place.

The high open interest with rising Nifty clearly indicate that Nifty is in the firm grip of bulls though midcaps and small caps are still not ready to participate. This time though few quarter are heavily short in Nifty there are few quarters which are equally long also. However, the perception is fearsome as market is at all time high. NSE PE of 28 ( misleading in absence of mechanism to announce Q earnings adjusted PE) is the major reason for many die hard traders to go short in Nifty.

Trump comments on US markets, LIRA issue and now even ITALY bonds were the centre stage of rumours which are giving HNI's and firm understanding that market is likely to fall 5% that is to 11000. To our mind these are only the arguments based which much required short positions are created. And without shorts there cannot be rise of market. Market works more on demand and supply in the day to day business and fundamentals comes into play only in long term.

Next 4 sessions this will be the talk of the town and market will resume the rally again after the expiry. We though believe that Nifty is heading for 12000 12500 before election. At was only CNI team which had posted target of 11500 when Nifty was at 10000 and the street mongers were talking 9000. The main feature of the this rally was NIFTY 6 stocks. RIL, HDFC twins, Infy , TCS and HUL.

Going forward the rally will continue but new stocks will take centre stage as some of these stocks are tiring. The new range of stocks will be BAJAJ FINANCE, AXIS, LARSEN, RIL, Dr Reddy, MARUTI and ITC will push Nifty to 12500 before election. Star performers will be of course RIL, Larsen and Axis this time.

Do you remember our BUY call on RIL at Rs 800 pre bonus with target of Rs 2500 ..? Now it has crossed that target and it will test 1500 before DEC which means effective price of Rs 3000. This is what the vision of CNI team.

We had initiated buy on MARUTI in 2011 at Rs 800 with price target of Rs 5000 though stock has crossed Rs 9000. We revisit our target to Rs 20000 in next 3 to 4 years. Maruti all set to cross Rs 11000 before elections and rural election demand will drive this stock till election.

Our main thesis of rally and Nifty 12500 target is valuation and election certainty. Most of the traders had gone short at 10000 when the news of NDA not winning had caught fire on the social media. We had given our calculations time and again how NDA will win 330 seats in 2019 elections. Here we had presumed only 10 seats from West Bengal though the possibility white wash in West Bengal is not ruled out. If NDA manage to get 25 seats then for sure the tally will be 340 350 around. Only CNI members know how sure are our calculations which is the rest of the world does not know.

Many still believe it tough for NDA to get even simple majority hence market will remain short even at 12500. Final countdown will start after election results and market will top out around 14000 from where we may see market correcting.

API and PIGMENT are 2 segments which will change the course of the bull market as CHINA and GERMANY both are short of capacities. BASF's shut down is huge plus for the INDIAN co's. CHINA has turned net imported of PIGMENTS. CHINA also reduced API exports by 50% in last 6 months. The demand of INDIAN API is rising across the globe. NEPAL, Srilanka, Bhutan, Pakistan, Bangla Desh, Latin America, Africa, South Africa rely heavy on the INDIAN API and PIGMNETS as both are highly technology driven businesses and difficult to copy. OEM demand is scaling to new high as far as pigments are concerned as vehicles production is rising many fold in INDIA.

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