



Editorial

Vol -1, No-I, 31 July, 2021, 09 pages

Tirumalai chemical reached rs 193 on good earnings. It was very much expected.

Integra Engg was available today. Seller was trying to sell till 58.5 days low buy buyers were outsmart and bought him out. There was only 1 seller probably that is D K Shah. He is 1 investor who seems have got stuck in many co's and trying to exit. AND his exit become a timely entry for those who wanted to buy cheap. I think this stock is 10 20 bagger in next 3 to 5 years. Do not sell single share of this MNC co. Getting this stock in this much QTY is now next to impossible unless those who bought today come for selling.

TTML is the best turnaround story. Buy for target Rs 100.

M K Exim first found at Rs 38 and stock is in upper CCT at Rs 83 and long way to go. Similarly this INTEGRA ENGG SWISS MNC will see Rs 200 nonstop as 40 PE is required for MNC stock. By the time stock reach Rs 200 earnings will rise and target will rise to 400. So Believe we must hold little long for Rs 1000 at least. Railway is main stream growth for this co.

Next research story is BTEX IND. This surat based textiles co is worth Rs 350 to 500 and hence at cmp of Rs 105 is worth adding.

OCCL will double very fast as ION exchange operators have entered.

GLaxo could be the next bullet stock.

Steel Strips Infra could be next rocket stock as co reported eps of Rs 15. Though I am trying to reach where from the profit came (it shows from associate investment) the fact remains co has huge land bank in HARYANA and also have investments. If it becomes a trend to bring profits in this co then I feel stock price can be in 3 digit.

RDB RASAYAN if you do not like at 30% ibitda margin and 7 pe then you are not fit for equity gains. Yes, you can chase stocks at 50 100 pe and get stuck. 109 is the last barrier if cross then stock can be a big gainer for Rs 500 600

Change of the week

	31-July-20	Rise /Gain
Sensex	52586	383 ↓
Nifty	15763	93 ↓

Net Investments (` Cr)

	FII	DII
26-July-21	(2219.9)	1551.2
27-July-21	(558.1)	729.9
28-July-21	(2442.9)	921.4
29-July-21	(182.9)	2046.9
30-July-21	(3848.3)	2956.6
Total	(9249)	8203

Turnover (` Cr)

	FII	DII	Combined
30-July-21	86,498	60,009	1,46,507

30-July-21	Advances	Declines	Ratio
BSE	1782	1449	1.22

TATA Motors reported loss which was anticipated due to chip shortage and now co gave good guidance on chip means stock bottomed out. Another stock which bottomed out on results is MNM Finance.

Tata motors will bounce back to 362 and once it cross that level then 1000 is unstopable.

M K Exit hit lower cct today. But if you get chance to buy in lower may be today or day after try to ADD.

Integra Engg Swiss MNC has seen volume of 12 lac shares in just 2 days which is almost 4 pc equity. Big investors who love MNC are on the counter. I will buy this stock at the cost of any other stock which trade at 100 PE. This MNC is trading at just 10 pe is worth adding in lacs. Today we can get it. After 2 years buying 10000 shares will become difficult even at Rs 250 300. And after 2 more years at Rs 700 800 1000 we can think of buying just 500 shares. I leave to your wisdom how much to buy. When you buy a fraud stock at Rs 670 fearlessly only because it is backed by bogus volumes then even if you lose money in stock market there will not be a surprise.

Add TTML we will be releasing TTML story soon.

3 days left for expiry. HK and CHINA fell and hence INDIA tanked but that is not a reason hence it will bounce sharply. One must focus on INDIA and not CHINA. Markets will rise. 16000 barrier when breaks is to be seen. Everyone is now desiring correction as they have sold short. This will not happen.

Coffee prices shot up further 10 pc. In short in last 2 weeks coffee prices shoot up by 18 to 20 which means coffee stocks will rise to new high. With TATA COFFEE going to Rs 225 they need to push the acquisition of CCD little faster. CCD hence looking good.

Steel Strips Infra is hitting upper cct every day.

5 Top Gainers			
Stock	30-07-2021	26-07-2021	% Gain
HIL	6395.7	4713	35.6
MAHINDRA LOGIS	748.2	594	25.9
GHCL	373.7	304.5	22.7
SHANKARA	654.2	543.0	20.4
SPENCER RETAIL	107.9	89.9	20.1

5 Top Losers			
Stock	30-07-2021	26-07-2021	% Loss
POWERGRID CORP	171.0	233.0	26.6
ALEMBIC	787.6	946.6	16.8
RAMCO SYSTEM	532.5	627.3	15.1
SUZLON ENERGY	6.27	7.35	14.69
DRR REDDY	4712.7	5420.5	13.06

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

Top 5 Picks By CNI 'B' Group
Company
HDFC LIFE
IEX
POLY CAB CABLE
EMAMI
RDB RASAYAN

China Crackdown Rout Spreads Amid Fears of Foreign Selloff, Investors rush to havens as China stock selloff deepens, Hang Seng Tech Index has lost about 17% in three days

By Jeanny Yu and Livia Yap

(Bloomberg) --

"A rout in Chinese shares in the crosshairs of Beijing's regulatory crackdown extended into

the bond and currency markets Tuesday as unverified rumors swirled that U.S. funds are offloading China and Hong Kong assets*._

The speculation, which included talk that the U.S. may restrict investments in China and Hong Kong, circulated among traders in late afternoon in Asia, spurring a renewed bout of selling. The Hang Seng Tech Index, a gauge of many Hong Kong-listed Chinese stocks, plunged as much as 10%, while the yuan slid to its weakest since April against the dollar and even Chinese bonds were dumped.

The drastic moves underscore how fragile investor confidence has become after a monthlong regulatory onslaught by Beijing that only seems to be getting worse. Traders fear the latest *crackdown on the nation's education, food delivery and property* sectors could expand to other industries such as health care, as China looks to tighten its grip on Big Tech and reduce the wealth gap.

"The spread of declines from the Chinese equities space into the yuan signals that the concerns over regulatory risk in China might have taken a turn for the worst," said Terence Wu, foreign-exchange strategist at Oversea-Chinese Banking Corp. in Singapore.

Bond Pessimism

Treasuries climbed with the greenback and the yen as investors sought havens. The yield on China's most actively traded 10-year government notes rose seven basis points to 2.94%, the most in a year. The offshore yuan fell as much as 0.6% to 6.52 per dollar and one-month volatility in the currency pair posted the biggest jump since May.

"Although we can't verify if it's true or not, the market fears that foreign capital will flow out from the Chinese stock market and bond market on a large scale, so sentiment is badly hurt," Li Kunkun, a trader from Guoyuan Securities Co. said of the speculation.

The selloff has spread into the offshore Chinese credit market as well. High-yield notes are down as much as 5 cents on the dollar, while investment-grade bond spreads widened by another 10 to 15 basis points.

Vibrant Sectors

Investors in some of China's most vibrant sectors -- from technology to education -- have found themselves in the firing line this month as Beijing attempts to rein in private enterprises it blames for exacerbating inequality, increasing financial risk and challenging the government's authority. A seeming acceptance of short-term pain for stockholders in pursuit of China's longer-term socialist goals is a rude awakening investors."

My observations....

First of all the timing. It came again just ahead of expiry and market drivers require this kind of trigger to make market lighter. China crackdown is on for quite some time and in effect is beneficial to India. There not 1 pc upward movement in U S 10 year bond rate. This means the fears of flight of capital us baseless. U S has been asking U S companies to leave CHINA for a long time hence U S is least bothered about it. China markets have no global influence which we have seen for last 2 to 3 years. U S Q E is powerful instrument than china crackdown hence i do not see china will have major impact except a knee jerk that too if global markets are over bought. I see commodity prices rising more. Iron ore price rose 1 pc to 216.08 \$ post Chinese crackdown. Such stories are must before expiry so how much weightage you want to give is up to you...In short market will rise again and then this issue will never been discussed again after the expiry. So my call is buy Nifty stop loss 15465 target 16600.

I will suggest reduce exposure from pharma shares including GLAXO. Convert them to OCCL or CENTUM or BSE or ACCELYA. Read in SATURDAYS report what is wrong in pharma and why it will not perform for next 2 years.

Shriram EPC where IDBI was seller I feel selling is over. One can add here. Allow to cross rs 7 and then see.

The players in carbon threading globally are as under

ICL Gr (ISREAL Chemical) Tel AVIV

EVONIK Essen

SHOWA DENCO MATERIALS (HITACHI Chemicals) Chiyoda HK

SHIKOKU Japan

Oriental Carbon India

KAUSTIK Volgograd Shanghai

As per my understanding Oriental Carbon ranks 5th in the world in the industry. Some big changes happened recently which has created huge gaps in demand and supply. No 1 ICL the market leader has already exited by selling it to PE firm Rock One. The third player SHIKOKU has recently shut down 2 lines. There is very low chance of any further supply in to the industry. This may create demand supply mismatch in coming years in favor of OCCL. As per my expectations by 2024-25 EBITDA will be around 250 crs and PAT 160 crs. For next 3-4 years there is a good chances of growth in top line and bottom line due to changed circumstances.

OCCL has 82000 tons capacity through 7 lines of production in Insoluble sulphur and sulphuric acid which is now massive capacity. With change in global equations this co will benefit like IOL when BASF closed its brufen plant in 2019. Mundra expansion was the latest.

Phase-1 of 5,500 MT of Insoluble Sulphur line and 42,000 MT of Sulphuric Acid Line at Dharuhera (Haryana) is expected to be commissioned by October 2021. Post this expansion co will have capacity of 129500 MT which will take co to spot no 2 from 3 and this will become money spinners.

I feel OCCL will see massive re rating and stock can travel to Rs 3000 easily.

SAIL started running after names R K D R J appeared in shareholders list. First target Rs 200 and then will see further upward.

NMDC SAIL TISCO now proving that AUG month will be of large caps and metals will be 1 st the blast. vedanta will cross Rs 300. SAIL 200 and Tisco 1800. NMDC in AUG should cross 213 and test 225. My target 500 is intact.

M K Exim after hitting 2 lower hit again upper. I think co will introduce 7 new brands soon.

TTML we released our note yesterday and stock hit upper today. We feel TTML will cross Rs 300. Logic is very simple at Rs 300 TATA will see their investment of Rs 50000 crs at PAR. This is was I had told in TISCO when I gave buy at Rs 225. TATA subscribed warrants at Rs 540 and hence Tisco had to cross rs 550 and today it is Rs 1500. TTML announced JV with ZOOM today. First big new biz announcement.

In small caps Integra EXIM MNC will be my top pick. Then will suggest to have look at Global Offshore a fresh. Please go through the March Q results.

Avoid Zomato. No chance of doubling revenue. In fact after lockdown over people will avoid ZOMATO. Most of the hotels are tired as ZOMATO take 20 25% commission from hotels. Most of the hotels are requesting customers to place direct orders so that they can save 25 pc of their profits. Right now ZAMATO have upper hand but most likely its business model may collapse. So avoid.

In top quality stocks CENTUM OCCL BSE ACCELYA and VIPUL I will suggest.

TTML now send positive signals how they are going to move ahead. Zoom deal is first sign. TEJAS is another. TATA Communications and few other TATA DIGITAL deals other triggers. To revive this co and recoup to market cap of Rs 60000 crs TATA may announce mergers of many DIGITAL biz with this co so that this becomes a face. Also they want to fight JIO. HENCE TTML could be Rs 300 story.

BHP there is threat of strike. CHINA cut copper production and banned exports. Copper prices all time high. Tom is last date to accept the offer given by BHP to workers and as per sources workers may not agree. IF that happen

HIND COPPER will rise 20%. Vedanta copper mine is still not operative hence HIND Copper biggest miner will benefit.

Duncan Engg is a great buy as co is owned by OCCL. Read the note carefully.

After china imposed export tax all steel stocks will blast. SAIL TISCO NMDC are my favourite. SAIL wait till Rs 240.

M K EXIM is getting 7 new products and hence stock can a super story in FMCG sector in coming quarters. Add more with conviction.

RDB rasayan is on new wicket. Watch Q1 nos. If cross Rs 109 then 250 260 first target then 500 600.

With the new settlement and FED clear direction market is clear heading for 16600.

Global Story

Our conviction on the metal sector is proved right with all metal stocks rising through the roof. China's production is steeply falling and China has imposed export tax following Russia. This means that the Indian market share in metal exports will rise many folds. We have noticed few interesting issues on this front, which will help blaze metal further. BHP, the largest mining company in the world is facing a "strike issue". BHP's management has given an offer to the workers and 31st July is the deadline set for accepting the offer. If the workers do not accept the offer, then there will be major issues. BHP is the largest producer of copper and if brakes are applied to its production, then Hindustan Copper Ltd will be the largest beneficiary. China already has issues and Vedanta's copper mines are still under litigation and are non-operative. In any case, if privatised, in our opinion, the valuation of Hindustan Copper is nothing less than Rs 500 per share.

Well as mentioned in our last report, finally, action has started in large cap stocks. Tisco is all the way near our first target of Rs 1500, next Rs 1800, then Rs 2000 followed by Rs 2500, all are on the way. We first generated a buy in Tisco at Rs 250 and since then, we are one way bullish. For SAIL, our target is Rs 250 and for NMDC, it is Rs 500 to 600. Vedanta should see Rs 500. From these, you can make your own assessment about metal stocks. The metal story started with Vale Brazil, when the walls were broken and mash entered mines. Now again, we are seeing a big water crisis in Brazil. This water crisis adds to world's supply chain misery. Threat is created in iron ore transport to key rivers. Australia, Brazil, Guinea and India have a major role in iron ore exports. With China intending to destroy the Australian economy and Guinea catering to only 55 FE content iron ore and Brazil facing its own issues, India is set to gain tremendously. Iron ore prices are expected to rise by at least 50% and the largest player in India is NMDC, with a capacity of 174 mn tons. Tisco, SAIL, Jindal and Ashapura Minechem will also benefit for their mines. In view of the above, we suggest to remain long in metal stocks. Moreover, please note that, so far QE of just 4 trillion \$ has happened in the last 15 months. Reaching 17 trillion \$ will take at least a couple more years and till that time, the metal sector can't slow down.

We have been identifying small cap stocks which are undervalued to a great extent. This is only with a view to protect your capital and allow you to earn handsome returns on bottom up stocks. Our past records clearly suggest that our stock selection has benefited CNI members in wealth creation. We had spotted M K Exim, which was not even known to the world. Please go through the website to find that they have exclusive dealerships of 3 American cosmetic brands. Leave apart the financial working, the very fact that they enjoy exclusive dealerships suggest, and even as per experts, that the stock should be valued at Rs 500 to 600 as against CMP of Rs 83.

We had also identified an MNC stock, Integra Engineering. This company earned EBITDA of Rs 3.6 crs in Q1 on an equity of Rs 3 crs. The Re 1 paid up stock is currently trading at Rs 62. Even with a flat Q1, application EBITDA for FY22 should not be below Rs 15 crs, which is just 12x, making the stock trade at a steep discount. MNC stocks usually trade at 30x to 80x. Secondly, the company has claimed fascinating exposure in LED railway signalling for the first time. Thus, the growth will be exponential from hereon. The same stock will trade at 30x in the next 2 years when demand supply gets adjusted. Here also, even non MNC engineering companies always trade at 30x and hence, even on that scale, this is cheapest stock.

Apart from these, we had identified TTML, a new digital story of Tatas. The next day, TATA signed ZOOM tie up and the stock started hitting upper circuit. We feel in simple terms, Tata has invested Rs 50000 crs in this company and so far so, they will not allow this to go in drain. Eg: Tata Sons had taken Tisco warrants at Rs 540 post which, the stock price fell to Rs 200 and now it has risen to Rs 1500. They have acquired Tejas and they have many digital arms which they can merge with TTML to raise the market cap to over Rs 60-70K, which means 10 bagger. So if you have patience of 3 to 4 years, this can be a Rs 300 to Rs 400 stock and after that, who knows it could be another Tata Elxsi in 10 years.

Next was Duncan Industries, a company owned by Oriental Carbon. Schrader Germany set up a world class engineering plant at Ranjangaon, near Chakan in Pune, but due to recession in 2012, it sold it to its partner Oriental Carbon at Rs 157 per share. In 9 years, though earnings reached Rs 21 per share, the stock price is up by just 35%. Here when we see many penny stocks rising 5 to 7 times, 35% in 9 years makes it the cheapest engineering stock in India with world class promoters. With failure of IS and Shikoku and new capacities of 49000 tons over and above the existing 82000 tons,

OCCL now ranks number 2 in the world in their segment. Duncan being the subsidiary of OCCL, one must look at it which is expected to become a multi bagger.

Well, now we come to the pharma sector, where we are now negative. Though you may not see any reaction immediately, but in course of time, we will see reaction. Dr Reddy and Alembic Pharma have failed to live to their expectations. This, we may see in many pharma companies. We believe work from home, COVID fear and the resultant hesitancy from doctors to attend patients will reduce the demand of medicines. Also, people are afraid to go to hospitals. Next is hygiene. Higher number of people are resorting to good hygiene, which prevents illnesses. Masks reduce dust exposure which also helps prevent illness. In fact, hospitals too are only dealing with COVID patients on priority.

We believe that the changing habits will surely dent pharma sales. Though Sun pharma rose 10% today, we do not see it rising any more. The issue of corporate governance will always be an issue for them. We therefore believe that the pharma sector, by and large, will be subdued for the next 2 years. Moreover, this is an over-owned sector. Lupin gave a break out at Rs 1250 and finally fell to Rs 1070. We prefer switching to better ideas like Accelya, BSE, OCCL and Centum Electronics which will give better returns over the next 2 years.

Shipping is on top of the chart after freight charges rose 6 times. Here too, China had a major role, as they withdrew 50% shipping vessels to raise the rates (carteling). Shanghai Containerized Freight Index (SCFI) that tracks spot freight rate of Shanghai export container transport market hit fresh record high today. This will raise rates further. One company which will shine out on shipping recovery with Rs 390 crs debt waiver is a Garware family group company, Global Offshore. In 2017, ONGC refused to give \$ 4000 for their PSV and now, the global rates are 15000 to 20000 \$ per day for PSV they own. Rest you can find out.

Wait for more research finds from CNI team. DVL SPIC USHA MARTIN MMTC TATA COFFEE TINPLATE Orient Cement were out research ideas in recent times just to give idea.

Nifty has created a range of 15500 to 16000, which we believe will break in August. This is clearly visible from the movement of large cap stocks. Our next destination though remains at 16600.

Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	31/07	25,961.03	-354.29	-1.35
Singapore	Straits Times	31/07	3,166.94	-13.67	-0.43
United States	NASDAQ	31/07	14,672.68	-105.58	-0.71
United States	DJIA	31/07	34,935.47	-149.06	-0.42
United States	S&P 500	31/07	4,395.26	-23.89	-0.54
Japan	Nikkei 225	31/07	27,283.59	-498.83	-1.80
United Kingdom	FTSE 100	31/07	7,032.30	-46.12	-0.65
Malaysia	KLSE Composite	31/07	1,494.60	-18.33	-1.21
Indonesia	Jakarta Composite	31/07	6,070.04	-50.69	-0.83
Thailand	SET	31/07	1,521.92	-15.86	-1.03
France	CAC 40	31/07	6,612.76	-21.01	-0.32
Germany	DAX	31/07	15,544.39	-96.08	-0.61
Argentina	MerVal	31/07	66,005.31	-1,310.28	-1.95
Brazil	Bovespa	31/07	121,800.80	-3,874.50	-3.08
Mexico	IPC	31/07	50,868.32	-766.28	-1.48
Austria	ATX	31/07	3,480.82	-41.34	-1.17
Belgium	BEL-20	31/07	4,200.47	-18.77	-0.44
Netherlands	AEX General	31/07	754.31	-3.77	-0.50
Spain	Madrid General	31/07	857.64	-10.63	-1.22
Switzerland	Swiss Market	31/07	12,116.82	+30.08	+0.25
Australia	All Ordinaries	31/07	7,664.20	-31.05	-0.40
China	Shanghai Composite	31/07	3,397.36	-14.37	-0.42
Philippines	PSE Composite	31/07	6,270.23	-226.30	-3.48
Sri Lanka	All Share	31/07	8,120.48	-20.28	-0.25
Taiwan	Taiwan Weighted	31/07	17,247.41	-155.40	-0.89
South Korei	KOSPI	31/07	3,202.32	-40.33	-1.24

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