

# CHANAKYA

NI POTHI

## This is not a bubble .. Read why??

Ever since the market has crossed the 30000 mark, naysayers have abounded the market with doomsday theories - which is very natural. It is a very few times that markets see such unprecedented rallies and at such times there are many who would caution you to stay away. However, these fears are unwarranted.

If we keep aside the magical figure of 30000, sensex has gained 13% during the year and this figure is not something that may cause us to worry.

The current uptrend is supported by fundamentals. In the December quarter, barring banking and financial services company, 1700 companies declared a 9.1% growth in income and 29.8% growth in profit which is an unexpected surprise.

Mostly all economic figures indicate that the impact of demonitisation has been shortlived and also not as bad as expected.

The government recently launched the updated series of data for the Index of Industrial Production (IIP) and Wholesale Price Index (WPI)-based inflation, which registered healthier factory output and lower price pressures.

But measured by the old series, factory output was lower at 2.5 per cent in March and had contracted by 1.2 per cent in February. Likewise, the IIP annual growth in 2016-17 under the new series is 5 per cent against 0.7 per cent under the old series.

Despite a sharp rise in fuel prices, WPI inflation under the new series eased to 3.85 per cent in April from 5.3 per cent in March. Similarly, Consumer Price Index (CPI)-based inflation eased to 2.99 per cent in April, from 3.89 per cent in March, due to lower cost of food items.

Due to all the circumstances conspiring currently to make the markets reach such highs, domestic as well as foreign investors have been attracted to the markets in a great deluge.

In an encouraging start for this fiscal, the assets under management of the mutual fund industry crossed Rs.19 lakh crore in April.

The AUM of the MF industry grew 9.8 per cent to Rs.19.26 lakh crore during the month, up from Rs.17.54 lakh crore in March.

Of the Rs.1.5 lakh crore that investors pumped in different categories last month, liquid, income and equity funds saw the highest inflows of Rs.0.99 lakh crore, Rs.0.35 lakh crore, and Rs.0.09 lakh crore, respectively.

Next year also corporate earning figures are expected to be great and an average PE of 17.5 is expected to be maintained for the market. All this signifies that the current market scenario is not a bubble. PE ratio had once reached a level of 24.

However, certain parts of the market have now become too hot to handle. There are many small caps where prices are just a play on the market and there is no support of fundamentals.

Such high prices lure many small retail investors and it is necessary that SEBI makes sure that such investors are not swindled.

On Friday, The market ended the day, that was largely dominated by the bears and highly volatile, on a flat note. The Sensex managed to clock a record intraday high, while the Nifty reclaimed 9500 before tripping below the key milestone of 9450.

The market had a gap-up opening and the indices surged over a percent, before witnessing a correction midway.

Previously, on Thursday, after record highs for consecutive sessions, the Indian stock market's benchmark indices closed lower. While the S&P BSE Sensex lost 224 points or 0.7 per cent to close at 30,434, the Nifty 50 on the National Stock Exchange closed at 9,429, down 96 points or one per cent.

Market participants said the fall was due to global cues.

There was a sell-off in the US markets on Wednesday over concerns that newly elected President Donald Trump might even be impeached. The broader markets here saw a steeper fall, with the BSE midcap and smallcap indices losing a little more than two per cent each.

The Nifty's volatility index, India VIX, jumped almost 11 per cent to close at 11.7850. It had recently hit all-time lows on buoyant investor sentiment. Thursday's rise shows investors are now worried about the global developments.

However, inspite of the volatility we believe that markets will not go lower than 9100.

**Crude**  
Oil prices rose on Friday, posting a second week of gains on growing expectations that OPEC and other producing countries will agree at a meeting next week to extend crude output cuts.

A worker checks the valve of an oil pipe at Nahr Bin Umar oil field, north of Basra, Iraq.

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U.S. benchmark crude oil ended Friday's session 98 cents, or 2 percent, higher at \$50.33 a barrel, the first time it has settled above \$50 in more than four weeks. Brent crude was up \$1.10, or 2.1 percent, at \$53.61 by 2:35 p.m. ET (1835 GMT).

Both benchmarks slipped back from near session highs after a report that U.S. energy companies added oil rigs again in the latest week.

Energy services firm Baker Hughes said U.S. drillers added oil rigs for an 18th week in a row, the second-longest streak of weekly additions on record.

The Organization of the Petroleum Exporting Countries and other producers including Russia meet on May 25. Market watchers expect them to extend output cuts of 1.8 million barrels a day until the end of March 2018. The OPEC-led group is trying to reduce a global crude glut

## Midcap Mania

➔ **TCS** : Since a long time the share has been in a downtrend but now the correction is over and now even the negative news will stop. At the current price of Rs. 2534, buy with 6 months holding period. Good returns expected in the medium term.

➔ **Indocount Industries** : Company exports yarn and home textiles on a large basis. Share is currently at Rs. 194. Q4 results are good and slowly the price will move upto Rs. 230.

➔ **Infibeam** : Ahmedabad based E-commerce company and currently the share is at Rs. 1000 and in the coming days, share is slowly expected to move upto Rs. 1100.

➔ **JSW Steel** : Steel products are under import control and hence there has been a positive impact on the results. March quarter results have been very good. This share is attractive at the current price of Rs. 191. If not more, buy atleast 50 shares and in six months price of Rs. 240-250 is expected.

➔ **MCX** : Company has monopoly in commodity segment. BSE and NSE also to enter into commodity segment in the future. In the short term weakness is expected but long term good. Buy atleast 10 shares and on the upper side price is expected to touch Rs. 1200.

➔ **Shankara Buildcon** : The company came with an IPO very recently and it showed a top of Rs. 789 in the short term. Currently it is available at the price of Rs. 706. This share is expected to be another DMart. Buy some shares and then keep track.

➔ **Suzlon** : After showing a 52 week high of Rs. 21.70, share is currently trading at Rs. 20. Share is attractive and price will reach Rs. 25 in 6 to 12 months

➔ **Indian Oil** : The last whole year, HPCL and BPCL were the dominant scrips in this segment. But now Indian Oil is in focus. At Rs. 440, buy a few shares and in 12 months share price will reach Rs. 660.

➔ **L&T** : We have been telling you to cover shares of this company. In the last few months a lot of order inflows have been noted. Results have been great and in the coming months share price is expected to touch Rs. 1800-1850.

➔ **Tata Steel** : Last month was a weak one for this company and after that share price has now increased to Rs. 486. There is a limit on steel products exports and hence the India business which was in doldrums till now has been performing exponentially well which is reflected in the results. March quarter profit has been very good and in the next few sessions, share price will move up from Rs. 486 to Rs. 516-526.

➔ **Yes Bank** : In the march quarter there has been only a small increase in NPA figures. After seeing a weakness for a few days, now once again there is a fancy for this company in the market. At Rs. 1401, if not more than buy atleast 10 shares. In 6-9 months, you will see a price of Rs. 1700.

➔ **ICICI Bank** : After showing weak performance for the last 2 years, now slowly investors and traders have started becoming active in this bank. Share price has slowly touched Rs. 308. If you have not already bought then buy atleast 50 shares and on the upper side price of Rs. 357 is expected.

➔ **Adani Port** : Traders interest has gone up considerably in this share. Inspite of the huge debt burden analysts expect that some other company will take stake in this company. Can hold at the price of Rs. 347 and price is expected to touch Rs. 367.

## GoAir ropes in Kotak Mahindra Capital, Axis Cap to manage its Rs 3,000-crore IPO

Go Airlines India has handed Kotak Mahindra Capital and Axis Capital the task of managing the process of listing its shares on the stock exchanges this year, according to merchant banking sources. The initial public offering of the airline is expected to raise between Rs 2,500 crore and Rs 3,000 crore through issue of new shares with no stake sale being planned by the promoters, a source said.

The Wadia family-promoted airline flies to 23 destinations in the country with a fleet of 19 Airbus A320 and three A320 neo aircraft. It awaits delivery of 141 A320 neo planes, signed as part of its two contracts with the European passenger aircraft manufacturer. The airline had first contracted to buy 72 planes from Airbus but then doubled that order to 144 in December 2016.

It plans to start its international services soon, connecting primarily unconnected destinations in Central Asia, the Gulf, China and Vietnam.

GoAir has a passenger market share of a little less than 9 percent in the 100-million-strong Indian aviation

market, trailing IndiGo, Spicejet, Jet Airways and Air India. The country's domestic aviation market is now the third largest behind that of the US and China. The airline had a passenger load factor of 84.8 percent in March, according to data on the web site of safety regulator Directorate General of Civil Aviation.

The initial public offering of



the profitable low-cost carrier has been talked about for at least two years now and with the stock market booming, the listing of the airline could finally be a reality this year. Interglobe Aviation, the company behind airline services IndiGo, Jet Airways and SpiceJet are the only other airline operators listed on the stock exchanges.

Intense competition, subdued crude oil prices and a strong rupee have all helped to keep the fares low in the Indian market and helped the industry maintain its compounded annual growth rate of 15 percent.

➔ **GIC Housing** : Traders from Mumbai are heavily interested in housing finance shares. Had touched Rs. 583 at one time and is available at Rs. 536 currently. If not more, buy atleast 20 shares. Short term jump to Rs. 563 expected and if you hold for a year, Rs. 635 can be expected.

➔ **GMDC** : We have been recommending since the level of Rs. 66-68. Currently at Rs.126 and still better to be late than never. So buy with target of Rs. 162 in the short term.

➔ **Corporation Bank** : We had recommended at Rs. 33. Now it has gone upto Rs. 57. Inspite of NPA problems we believe that the bank is good and hence if you have bought, we recommend you continue to hold. Shall touch Rs. 75 in the next few months.

➔ **Deepak Fertiliser** : We had recommended at Rs. 133-140. Currently the share is trading at Rs. 252. It is a good time for fertiliser stocks and with a slow upmove share will move upto Rs. 292. Buy if you have not bought yet.

➔ **Diamond Power** : Company is a big name in power transmission towers and transformers but there are huge losses and debt burden is heavy. There is a great possibility that this company will be takeover by someone else. Can take a small risk. Buy only 50-100 shares, not more.

➔ **Eros International** : Bahubali crossed Rs. 1500 and a slew of big ticket films expected till Diwali and Eros International to be benefited from the same. We had recommended at the bottom price of Rs. 148 and currently it is at Rs. 228. We recommend you hold on. Price will touch Rs. 328 in a few months time.

➔ **Essel Propack** : Zee TV group company and makes various types of packaging products. Crude prices have gone down which is a major raw material for the company and hence it has had a good impact on the margins. Share is attractive at the price of Rs. 259 and is expected to touch Rs. 295 in the next few months.

➔ **Firstsource solutions** : RP Goenka group company and the share which was first trading at Rs. 58 is currently available at Rs. 36. Take a contrarian call on this one inspite of the headwinds on the IT sector. Buy only 100-200 shares. Risk of Rs. 3 and benefit of Rs. 23 is a fair trade we believe.

➔ **Future Enterprise** : Group company of Biyani and Kishore Biyani is not someone who will sit idle. Will make his company run like hell. Available at Rs. 30 currently. If not more, buy only 50 shares in this company.

➔ **BSE** : Sensex is at 30700 and people who had chosen to stay away from the markets in the last few years are coming back in droves. In these circumstances, it is natural that BSE will be a good beneficiary. Results for 2016-17 will be good and the same will be the case for 2017-18. At Rs. 1080 buy only 10 shares if you can't buy more. Will touch Rs. 1250 in the short term.

➔ **Chambal Fertiliser** : Another fertiliser share which is doing extremely well. We had started recommending at Rs. 60 and now price has touched Rs. 118. Don't be hasty and sell. Hold on.

➔ **Adani Transmission** : Exit before the fall and make most of the gains. Share prices have reached a very high level and it is imperative that a short correction will come soon. We recommend you exit at this level and shift to some other company.

➔ **MRPL** : Exit ONGC and buy this share.

## Ranchhodbhai's Profitable thoughts

● **Apar Industries**, the third largest global conductor manufacturer by numbers has a vertically integrated business. The Indian government has lined up huge capex to strengthen its T&D network and Apar is expected to get good benefits out of the same. Currently, share is very strategically poised for an upward trend and it makes sense to buy a few shares now. Enter at the current level for target of Rs. 854 and then Rs. 877 in 1-2 months.

● Pune based **Bharat Forge** is in a short term correction and it makes good sense to buy at every dip. Long term fundamentals are good. Share is almost near bottom valuations. Company is a technology driven producer of metal forging with transcontinental presence across nine manufacturing locations. The company's aerospace segment will begin production phase in 6-8 months and good benefits will accrue to shareholders.

● Most of you won't have bought the **Indian Bank** share when it was Rs. 88 last May. Now it is at Rs. 344 !! Still not too late .. good space for returns from the current level too. Bank has sold assets worth Rs. 188 cr to asset reconstruction company in Q4 of 2017.

Capital adequacy ratio has improved to 13.64% from 13.20% on a y-o-y basis. Market is expecting a FPO in H2FY18 so that the Union Government's stake can be reduced to less than 75% from the existing 82%. Govt will surely sell at a good value and you will also benefit.

● **BHEL** is one stock which should be accumulated without thinking - when to sell? Once again, share is nearing bottom out cycle and a good place to make new entry. Company has bagged order for supply of steam and power generation package from Ramagundam Fertilisers & Chemicals Ltd. Order flow news will be coming at a steady pace.

● **Bank** results have been in the Company's favour. However, this

is one bank which will give you Dhan and Laxmi both. Company has declared turnaround results with EPS for Q4 at Rs. 0.42 compared to negative Rs. 7.42 in Q4 last year. On a complete year basis, EPS is Rs. 0.59 compared to negative Rs. 11.80 in FY 15-16. Share prices are taking a breather right now but uptrend will resume soon.

● Auto ancillary company, **Talbro Auto** has recently bagged an order worth Rs. 175 cr for supply of forgings to a German luxury car manufacturer for a period of seven years. The news has spurred prices to a higher level. Not advisable to take a new stake as valuation is already high. But if you are already holding shares, do partial profit booking and hold the rest. There is still further space for uptrend. Short term target of Rs. 199-200.

● Godrej Agrovet IPO has been approved and **Godrej Industries** is in full form. Agrovet operates in animal feed, agri inputs and oil palm business with a recent foray into the dairy industry. Continued traction in other businesses of GIL is a big positive for the stock. Can buy at current level with target of Rs. 595-613 in the medium term.

● From a 52 week low to 52 week high in 5 months .. from Rs. 437 to Rs. 787.. **Kajaria Ceramics** has had a fantastic few months. Kajaria Ceramics reported 4.72 per

cent increase in net profit at Rs 72.17 crore for the fourth quarter ended March 31, 2017. The company had posted a net profit of Rs 68.92 crore in the comparable quarter previous fiscal. Government's housing for all is sure to benefit the company big time. Can buy at current level with readiness of holding for 6 months for good returns.

● Established in 1981, Skipper Ltd. has today evolved into one of the world's leading manufacturers for Transmission & Distribution Structures (Towers & Poles), a respected brand in the Plastic Skipper's market reach spans across 20 countries around the globe. Q4 results have been very good and share prices are on a swing. Can still buy at current levels for short term gains.

● Jindal Stainless has declared bumper Q4 results with net profit jumping to Rs.161 cr from Rs. 40 cr in the Q3. Sales have gone up from Rs. 2092 cr in Q3 to Rs. 2301 cr in Q4 FY17. Share price has seen a stupendous rise from Rs. 14 in May last year to the current Rs. 74. Company had recently made a 52 week high of Rs. 84. After a brief correction share will again pick up. Take opportunity of this correction.

● JK Cement has declared good results but share prices have already run up quite a lot. Better would be to book profit now and then reenter later.

## Eris Lifesciences gets Sebi nod for Rs 2,000 crore IPO

Ahmedabad-based pharmaceutical firm Eris Lifesciences Pvt. Ltd has received approval from the capital markets regulator for its proposed initial public offering (IPO).

The IPO comprises 28.87 million shares through an offer for sale, representing a 21% stake dilution on a post-offer basis. The issue size is estimated at around Rs2,000 crore, valuing the company at Rs9,500-10,000 crore.

Private equity firm ChrysCapital, which holds 16.25% stake in the company, will sell all of its 22.34 million shares, while founder Amit Bakshi who holds 39.97% will sell 0.5%. Other selling shareholders include Rakesh Shah, Rajendra Patel, Kausal Shah and Inderjeet Negi.

The company had filed its draft red herring prospectus (DRHP) with the Securities and Exchange Board of India (Sebi) on 8 February.

Axis Capital, Citibank and

Credit Suisse are the bankers to the issue. ChrysCapital had invested about Rs160 crore in Eris in 2011 for a 16% stake.

In December 2015, ChrysCapital was planning to exit its five-year-old investment in Eris for around Rs600-650 crore.

Founded in 2007 by sales professional-turned-entrepreneur Bakshi, Eris makes and sells branded generics.

It has various products in chronic and acute categories in select therapeutic areas such as cardiovascular, anti-diabetics, vitamins, gastroenterology and anti-infectives.

It focuses on developing products linked to lifestyle-related disorders.

The Eris IPO comes at a time when markets have shown a strong appetite for pharma and healthcare firms.

Syngene International Ltd, the contract research services arm of Bengaluru-based biopharmaceutical firm

Biocon Ltd, got listed in July 2015 with a Rs550-crore IPO. Alkem Laboratories Ltd went public in December 2015, while Laurus Labs Ltd got listed in 2016.

In the broader healthcare sector, investors have lapped up shares of healthcare services firms such as Dr Lal Pathlabs Ltd, Narayana Hrudayalaya Ltd and Care Ltd. Their IPOs were subscribed 33, eight and 74 times respectively.

Of the other pharmaceutical firms backed by ChrysCapital include Ipeca Laboratories Ltd, Torrent Pharmaceuticals Ltd and Cadila Healthcare Ltd.

IO will be yet another major bet for ChrysCapital, which sold shares in Mankind Pharma Ltd and Intas Pharmaceuticals Ltd.

Recently, ChrysCapital participated in investment in Intas Pharma, selling about 3% in the company for \$107 million to Capgemini International Private Equity Fund.

## DYNAMIC INDUSTRIES LIMITED

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### NOTICE

Pursuant to Regulation 47(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Notice is hereby given that meeting of Board of Directors of the Company is scheduled on Tuesday, 30<sup>th</sup> May, 2017 at 5:30 P.M. at the registered office of the Company, inter-alia to consider and approve Audited Standalone Financial Statements and Consolidated Financial Statements for the quarter/year ended on 31<sup>st</sup> March, 2017. Further Details will be available at company's website [http://dynamind.com/investors\\_zone.html](http://dynamind.com/investors_zone.html) and on BSE's website <http://www.bseindia.com/stock-share-price/dynamic-industries-td/dynamind/524818/>

By Order of the Board  
Sd/-  
Harsh Rameshbhai Hirpara  
Company Secretary

Date : 22nd May, 2017  
Place : Ahmedabad