

**Editorial**
**Vol -1, No-I, 17 Oct, 2020, 07 pages**

Nifty tested 12000 and Mumbai tested power failure all over Mumbai. How long the back ups will work is a question mark.

Nifty has reached the milestone of 12000 from the deep routed correction till 7500. Now major upside is very limited in Nifty and hence nifty movement could be bit slower on upper side whereas chances of 3 to 4 pc correction is not ruled out.

So it is time to bet on contrarian stocks with nifty hedge short or some other stock in hedge short. I will advise buy itc auro and kotak and short tcs infy bajaj finance etc to balance it out. In Auro hearing some funds have started accumulating and if it cross 860 we may see heavy short covering as punters are short.

In cash pick stocks like maha apex orient bell etc

Nifty may consolidate around 11800 11900 before rushing to 12100. DOW was positive and hence Nifty will remain firm. Let us see how calls and puts get built up in next 2 days to decide Thursday closing. Now it is clear the closing will be contrary to traders positions.

Mahaapex hit another upper cct at 72.45 and those not bought this stock will miss it for sure. Hotel industry which is being used as covid centre will go for replacement of beds and KURLON will be the largest beneficiary. As such this is a consumption story and hence will be better than PIZZA story. You can expect KURLON doing 2000 to 3000 and the direct beneficiary will be the holding co. If you do not like the holding co concept then you should not buy even stocks like Britannia. The day red hearing getting filed there will be huge queue in this stock for buying as all big investors will chase. As of now M O hold major stake and he is not going lose heart in KURLON.

**Change of the week**

	17-Oct-20	Rise /Gain
Sensex	39982	600 ↓
Nifty	11762	165 ↓

**Net Investments ( ` Cr)**

	FII	DII
12-Oct -20	1766.3	(1028.7)
13-Oct-20	1876.0	(1674.4)
14-Oct-20	1149.1	(1276.4)
15-Oct-20	(293.0)	(808.2)
16-Oct-20	(479.5)	(429.8)
<b>Total</b>	<b>(4019)</b>	<b>(5215)</b>

**Turnover ( ` Cr)**

	FII	DII	Combined
<b>17-Oct-20</b>	<b>62,000</b>	<b>32,711</b>	<b>94,711</b>

17-Oct-20	Advances	Declines	Ratio
BSE	1455	1183	1.22

Textiles sector could be high on action now. So focus on Raymonds Century and Arvind.

I feel the rally is over due in midcaps. Reason. Most of the stocks are showing distribution pattern and this is what traders and chartist believe. But to my mind distribution to whom..? Who has bought midcaps..? And well stock prices are trading on lower side where no one will distribute the stock. Because if they distribute now when would they buy. If this is said about GMM I can agree not with ITC where the price is at Rs 174. Even this could be true for motherson not all stocks. Hence it seems screen is creating a misleading picture and this is storm before the lull. Chartists are advising short on stocks which is a fair indication to me for rally. Auro Kotak Indus are the stock which have value but trading at low hence worth buying.

As of now data suggest 11800 is in safe zone and 11900 put is getting built up buy 12000 so far shows calls are written so the range is 11900 and 12000. If 11900 is broken then even 11800 possible. So I advise not to ride Nifty at current price. Wait for correction. But look at stocks.

hence stock will give at least 50 pc return before April. If you have to bet on one stock in 2020 it will be GAIL for 3 reasons... divestment, gas distribution kicking biz model, and stock undervalued PSU with 5 pc dividend yield.

As expected 12000 became barrier. Nifty was hit till 11840. I feel 11800 is good support and U turn is expected though it will not cross 12000 till tomorrow. I feel Nifty will travel back to 11950 today. The next up move will start from FRIDAY and it will cross 12000 again. Govt announced stimulus in OCT which will keep market burning. Even US is doing QE and hence DOW and Nifty both will rally again.

Wipro announced buyback but nos were weak. Infy too may announce weak nos and street is expecting robust guidance. Stock price indicate that all is done for IT and INFY for the time being and it need cooling off. Results are after market.

Many stocks have corrected beyond proportion and hence offer decent opportunity of buying. You must note one thing that every dog has its day like every stock will rise. Today only those stocks are rising where retail exposure is not there. Wherever retail exposure is more these stock failed to perform.

<b>5 Top Gainers</b>			
<b>Stock</b>	<b>16-10-2020</b>	<b>12-10-2020</b>	<b>% Gain</b>
JINDAL STAINLESS	56.6	43.2	30.8
JUST DIAL	486.2	415.3	17.0
AMBER ENTER	2180.1	1872.6	16.4
JSW ENERGY	63.7	56.5	12.7
JINDAL STAINLESS(H)	97	86.6	12.01

<b>5 Top Losers</b>			
<b>Stock</b>	<b>16-10-2020</b>	<b>12-10-2020</b>	<b>% Loss</b>
VEDANTA	95	122.1	22.19
CENTRAL BANK	10.21	12.45	17.99
REPCO HOME	185.45	212.8	12.85
ZEE	175.65	200.7	12.48
MOTHER	106.3	121.05	12.14

<b>Top 5 Picks By CNI 'A' Group</b>	
<b>Company</b>	
RIL	
SBI	
ICICI BANK	
GODREJ IND	
BRITANNIA	

<b>Top 5 Picks By CNI 'B' Group</b>	
<b>Company</b>	
HDFC LIFE	
ZYDUS WELLNESS	
POLY CAB CABLE	
RDB RASAYAN	
NUTRA PLUS	

So pick your stock and wait to become dry and prices will shoot like INFY way. Neither stocks nor operators disappearing. They have to work and they will work.

Vedanta has to rise for sure. One must buy and wait. If falls one must add more with conviction. Everyone liked this stock at Rs 135 and now no one at 97. This is what happens in EQUITY markets. LIC wants Rs 320 price. Why can't LIC 5% stake at Rs 97 to bring their average price to Rs 100 110 when they say that Rs 320 is the fair price for sell...? Why can't promoter add Rs 97 when he is on record that he is willing to revise the offer. Well, the only answer which I feel that nothing works without management role in it. Hence in current volatility indirect management role cannot be denied.

My source says KURLON is doing well as the mattresses demand is rising. Every news flats will add to demand, plus there is a replacement market. Covid 19 will make hotels to change beds where it has been made covid centres. Also rising per capita income means higher demand for good mattresses. Maharashtra Apex trading cheap going by their valuations. IPO of 5500 crs can hit market in 2021.

Lot of people are buying SUN pharma which though I am not convinced as promoters has diverted major money to SUZLON and secondly there is no hierarchy in the business. This stock can do wonder only if some MNC takes over.

Chemical is doing very well and hence I will continue to hold chemical stocks.

Traders have lost hopes from ITC, AURO and Bharati. They are subject matter of jokes in whatsapp group. They started firming believing that these 3 stocks sell at every rally and they will earn only. I was told by some bear group to short AURO at 845 I did not believe them and found AURO breaking 800 today. Same thing is true with Bharati and ITC. So admittedly bears have taken control on these stocks. Stay away from these stocks for the time being. We have a re look at appropriate time again.

Infosys proved that even after good results stock corrects. Though the stint of manipulation was clearly seen as the stock was first pulled to 1186 a news for just a fraction of second the see stock crash to 1100. We had warned yesterday for going long. Even put has corrected but not much from 7 to 5.5. Now I feel around 1070 Infy is a buy again. TCS too corrected simply for the not appealing buyback. Whole world is long in IT sector. Today I get message from a lady follower that she had bought infy at 655 and sold at 1160 on CNI call making almost 100 pc gains. This is the faith and belief. Buy Infy again only at 1060.

There was news in street ( whatsapp ) to buy 1200 call at 24 yesterday and that is what made me clear that stock will fall.

Bank Nifty crossed 24000. Now next target 26000. Now you have seen here too the market drivers corrected bank nifty from 23700 to almost 21000 and then now brought to 24000. So believe it destination is fixed. KOTAK and INDUS will lead the bank nifty now.

I had written about MAHAAPEX. BSE code 523384 cmp 79 52 week high low is 104 and 48 liquidity is very poor. CmC is just Rs 100 crs co holds 38% stake in Kurlon mattress which is having valuation of Rs 7000 to 10000 crs. 38% of which means 2660 crs and holding co gets 50% discount that means 1330 crs. At 1330 crs price has to be Rs 1000 plus. Now the game changer is M O who holds 10% stake and hearing that KURLON filing red hearing for IPO in next 60 days. Case of value unlocking. So we can have another multi bagger. SFL is valued at 6500 crs which is second in the industry hence Kurlon could be liked by big investors and if i am not mistaken pre ipo investors will go for killing due to domestic consumption story.

Now mattresses demand is rising, kurlon passed on the rise in cost and maintained operating margins in q1 and q2 will expand post covid many times for replacement market, merchant banker did agree to raise funds at fancy price.

Kurlon reported 100 crs pat in 2020. They indicated to report 130 crs in 2021 even after q1 washout. May be even more if they want higher premium in ipo.

Hence buying Mahaapex will really help investors as they cannot afford to buy directly kurlon at 1000 plus currently trading in private. We are getting lot of enquiries about KURLON hence we picked the timing of MAHAAPEX. Only sad part is MAHAAPEX is in trade to trade and many will not be able to buy due to brokers restrictions. I had written

about SOM Distilleries. After stock split stock hit upper circuit. Subex is going for restructuring and stock will be de listed for 2 to 3 months. Keep eye.

Auro and Bharati are in bear grip and everyone is interested in short selling only.

Nifty range is 11900 to 12500 so let us wait for crossing 12000 which should happen tomorrow. 12500 13000 could be the next target but stocks are not moving that is a concern for traders. So investors should focus on wealth creation.

Last 1 month has again proved that only short sellers will get money. They are selling stocks which FPI cannot short and going long in Nifty where FI have to short and minting money. OCT month as such will be reacting to results.

Nifty will take support at 11600 and move towards 11850 very fast. US markets are good and today EUROPE will bounce back after the knee jerk to shutdown. India has to close on positive note. Infosys was very risky ahead of results but the dust has settled down.

The rise of Nifty to 12000 and then fall to 11650 was all for calls and out. 12000 Call which was trading at 170 became zero and 12000 put rose from 5 to 400 which left to calculate the earnings of one call and put series. This will be the regular feature.

Now just keep watch 11700 call today trading at 130 let us see how this fluctuate over next 6 days. I feel once it will cross 300 400 and then will collapse again.

Currently Nifty trading at 11733 and I would suggest enter only when it corrects to 11660. They will try to distort before taking it up.

Normally one should not trade at 9.15 am as market opens gap up or gap down. 12 to 1 pm is the right time to enter as major trend is decided after 2. Last 1 hour is either crash or pull action.

Pharma is not doing well after heavy shorts in AURO and SUN. So this sector will underperform again. Lot of traders are going long in TISCO but we believe that CHINA commodity factor will come in the way. Only metal stocks one can look at is Vedanta as the event will happen in future again.

Mahaapex lot of funds are asking for blocs now. In fact they have yesterday took some blocs of KURLON in private which again suggest that IPO is very near.

## Global Story

Nifty easily tested 12000 on Tuesday before crashing to 11650 on the three triggers. First was fresh lockdowns in Europe, second China threat of WAR and third was unsolicited bear spread rumour (hoax) of Mr Mukesh Ambani getting admitted in LONDON hospital. Let us analyse the impact and why such rumours kill market.

We had told you that every expiry means a business of 50000 to 1 lac crs thanks to call and put business. This requires volatility. When call keep on rising with Nifty rise people tend to commit themselves to calls and buy calls at premium. This is because they cannot afford to go long in futures due to heavy margins. With new regulations in place no debits are allowed even in intraday. This makes traders to incline towards options market. Now imagine how much cost they are paying. When Nifty was at 11712 the 11700 call was trading at premium of Rs 140. Higher the Nifty lower is the premium. Say 11800 will trade at 100 11900 at 50 and 12000 at 30. That means if trader has to make money say in 11700 call Nifty has to travel to 11800 plus then the premium will improve from Rs 140 to 180 a profit of Rs 40. Next day same Nifty 11700 call will open at 100 40% time loss and again next at Rs 50 time loss of Rs 50 and next day at Rs 10 and finally at zero. So assuming that Nifty does not cross 11800 for 4 days then the Rs 140 premium becomes zero. Open interest in every series will be at least 70 Lac shares that means roughly Rs 100 crs premium get pocketed in one series.

This is why they create volatility. It is like a casino where 99 out of 100 loses and only 1 wins. And for you to be among that 1 either you have to be part of the market drivers or extremely lucky. This is the only reason markets are kept extremely volatile. Now let us analyse the reasons...

Europe lockdown is sentimental issue. As far as India is concerned it is heading towards complete un lockdown. The recovery rate is as high as 85%. The active cases are falling and now close to 8 lac only. So Europe lockdown hardly matters. Now see the co relation. Europe markets fell just 1 to 1.4% on Wednesdays whereas India crashed more than 2.5% which was out of proportion and this was purely assigned to weekly expiry of Nifty settlement. This crash came in less than 60 minutes and followed by 2 pc rally on the earlier day where traders had gone huge long. As explained earlier while going long traders and HNI's had bought heavy calls.

CHINA threat is a perennial issue and now market has become immune like North Korea issue.

Third factor is health of Mukesh Ambani. This was hoax spread in social media and whats up. This was the major factor for creating panic and fear in market. RIL crashed by 3 to 4% which has 16% weight on Indices. This was really dirty game to kill the market breadth. This was the significant factor responsible for 2.5% crash in Indian markets. But to our mind if these factors were so serious then market should not have bounced 350 points on Friday. Therefore we come to a logical conclusion that these rise and falls are engineered only with a view the cash the weekly expiry gains. Earlier there was only monthly expiry and hence there used to lower volatility. You have no choice. May be in times to come we could see daily expiry of Nifty who knows.

All said and done using someone health issue for creating volatility is unethical.

Going forward we believe that Nifty has to cross 12450 and hit new high and Dow too has to hit new high and bank Nifty to test 26000 and then 30000. So the trend line is bullish. Now there is time that mid cap stocks should start rallying as the most of the stocks have reached support levels. Next 2 weeks should be exciting for mid caps.

In our last report we spoke about a stock that is Maharashtra Apex which holds 38% holding in KURLON the mattress co. KURLON reported Rs 100 crs pat in FY 20 and will report Rs 130 crs in FY 21. It is certain that 2 pe are insisting for exit and for that promoters will surely go for IPO instead of investing money at 7000 to 10000 crs valuations. Thus there is clear case of value unlocking in Maharashtra Apex. Even since we brought this in limelight the stock is in upper circuit and we fairly believe that it could be 5 to 10 bagger depending on value unlocking through IPO of KURLON. Kurlon has debt of just Rs 58 crs as per B S. So if you find out such stocks and hold it for 12 months you can create wealth for you.

## Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	17/10	24,386.79	+228.25	+0.94
Singapore	Straits Times	17/10	2,533.02	+9.40	+0.37
United States	NASDAQ	17/10	11,671.56	-42.31	-0.36
United States	DJIA	17/10	28,606.31	+112.11	+0.39
United States	S&P 500	17/10	3,483.81	+0.47	+0.01
Japan	Nikkei 225	17/10	23,410.63	-96.60	-0.41
United Kingdom	FTSE 100	17/10	5,919.58	+87.06	+1.49
Malaysia	KLSE Composite	17/10	1,503.84	-10.11	-0.67
Indonesia	Jakarta Composite	17/10	5,103.41	-1.74	-0.03
Thailand	SET	17/10	1,233.68	-9.28	-0.75
France	CAC 40	17/10	4,935.86	+98.44	+2.04
Germany	DAX	17/10	12,908.99	+205.24	+1.62
Argentina	MerVal	17/10	49,024.09	+784.82	+1.63
Brazil	Bovespa	17/10	98,309.10	-745.00	-0.75
Mexico	IPC	17/10	37,876.49	-182.74	-0.48
Austria	ATX	17/10	2,195.32	+18.41	+0.85
Belgium	BEL-20	17/10	3,264.60	+22.54	+0.70
Netherlands	AEX General	17/10	568.18	+7.71	+1.38
Spain	Madrid General	17/10	675.61	+3.78	+0.56
Switzerland	Swiss Market	17/10	10,207.13	+139.17	+1.38
Australia	All Ordinaries	17/10	6,385.03	-29.17	-0.45
China	Shanghai Composite	17/10	3,336.36	+4.18	+0.13
Philippines	PSE Composite	17/10	5,898.47	-39.86	-0.67
Sri Lanka	All Share	17/10	5,945.79	+25.79	+0.44
Taiwan	Taiwan Weighted	17/10	12,750.37	-77.45	-0.60
South Korei	KOSPI	17/10	2,341.53	-19.68	-0.83

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