

Editorial
Vol -1, No-I, 19 Sep, 2020, 07 pages

I do not have to say much on the SEBI circular as this is the one I was talking about since OCT 17. Market crashed after OCT 17 circular and life will return after Sept 20 circular. It is negative for 12A gr large cap stocks prima facie but FPI will absorb these 12 stocks. It is non event for mid caps as they have run up and see change of hands from HNI to MF. Only sector which is due for superb run is small caps. Why..?

Small caps were affected so badly that 95% of capital was eroded in many cases. Now even retrieval to OCT 17 levels means 1000 pc rally. Because when are left with 5 pc and becomes 100 pc then it means 2000% but I am saying only 50% of that is 1000 pc. Hence focus on small caps.

Now CNI is the only agency which focus on research in small caps hence the best time of CNI starts now. We were best pre OCT 17 and we will be best again in small caps. Large caps and Index view you have seen. No one has beaten us in Nifty view. Even last week when everyone was saying 11000 CNI said we are heading for 11800 and we have already crossed 11500.

Nifty my target remains 23000 plus ... Large caps will move accordingly and mid caps will become large caps and small caps will become the life line.

Change of the week

	19-Sep-20	Rise /Gain
Sensex	38845	150 ↑
Nifty	11504	64 ↑

Net Investments (` Cr)

	FII	DII
14-Sep-20	600	(120)
15-Sep-20	1854.5	(895)
16-Sep-20	495.4	(212)
17-Sep-20	(131)	(1067)
18-Sep-20	205.5	(100)
Total	3023	(2394)

Turnover (` Cr)

	FII	DII	Combined
18-Sep-20	80,391	50,711	1,31,102

18-Sep-20	Advances	Declines	Ratio
BSE	1267	1471	0.86

Nifty ready to spike. My target 11800 is intact. Bank Nifty is creating nervous moments yet there is no change in my target. It is in oversold state. Bounce will be equally sharp. I will not be surprised if we see BN at 24000 plus in SEPT alone.

After Bajaj consumers any time we may see action in L G BALAKRISHNAN. Tata Motors keep on going and DVR will give more returns to you.

IN BHARATI first there was MSCI re balancing selling and then GIC Singapore selling which got over. FTSE selling still there but it is very small. Bharati is almost there in every FUND and every brokers too is bullish with target of 650 750. I will push it for 580 first. Bharati Sept series Rs 500 call seen 60 pc rise in OI yesterday to 60 lac shares. I do not whether it is call shorting or someone building position in call. Only 25th Sept will tell us the answer.

Idea is next stock which should see the rocket kind action. In given times IDEA is in better position than JIO and BHARATI as they enjoy the spectrum rights for next 10 years. Now compare where JIO and BHARATI has liability of Rs 44000 crs Idea NIL so where is question of outflow..? Only Rs 5000 crs will be required for AGR every year which is nominal for this kind of business. Let us see how this stock fares. WHY K M said that co will shut you all know..? The price then was Rs 3. They succeeded in getting 10 years MORA instead of 0 years. So the spread is on 10 years. Now even if I assume they will earn 15% on Rs 50000 crs (saved) they will earn Rs 7500 crs which is enough to pay rs 5000 crs so practically co has become FCF positive. Additionally fibre assets sell, promoters contribution and stake sell will make it fit and slim. By that time we may see price of Rs 30 and then you will see every broker upgrading this stock. We have seen this in case of TATA MOTORS dump at rs 65 and buy at Rs 120.

GADKARI said that scrap policy will come before 30th Sept. Now we are past 15th so maximum 2 weeks left so we should hold on to TATA MOTORS for next 2 weeks. After scrap policy TATA MOTORS will introduce 2 new variants of EV and after that they will try and bring the partner in LCV. All has to be done in course of time and stock will keep on rising till that time. DVR 52 week high is Rs 84 and in my opinion this will cross very soon. Once it cross 52 week high a fresh rally will begin. Hedge Funds are short in TAMO futures and long in DVR to the same extend. This means if shares rise more then they will make losses as DVR always rises lower than shares. However if DVR rises more due to aggressive buying then they can make money in percentage terms. Against DVR long they also sell calls in all series.

5 Top Gainers			
Stock	18-Sep-20	14-Sep--20	% Gain
JB CHEMICAL	1129	799	41.3
VINANTI ORG	1338	998	33.9
KPIT TECH	107	88.9	21.2
MPHASIS LTD	1399.6	1155	21.1
DR REDDY LAB	5326	4400	21.0

5 Top Losers			
Stock	18-Sep-20	14-Sep--20	% Loss
PTC INDIA	50.7	58.6	13.48
WABCO INDIA	6023	6836	11.90
ESSEL PROPACK	251.9	281.6	10.55
INDIA BULL HOU	178.5	198.65	10.12
HIND ZINC	213.5	237.55	10.10

Top 5 Picks By CNI 'A' Group
Company
HDFC
ICICI BANK
HUL
COLGATE
TATA MOTORS

Top 5 Picks By CNI 'B' Group
Company
POLYCAB
ZYDUS WELLNESS
ALKEM
PHEONIX MILLS
SPICE JET

AURO pharma has underperformed for long time yet I am bullish. Co is in API, near debt free and good earnings. I know a fund manager who had picked good quantity in RIL AURO BHARATI and he is still holding. RIL his target is Rs 2600 and in AURO 1300 and BHARATI 650. Hence every fall we should try and add these shares. AURO kept low with some purpose. If it cross Rs 845 850 then nonstop action till Rs 1350 will happen. I can only suggest buy in delivery.

In small caps I have already told about the stocks. Due diligence is your responsibility. You must buy stock only if you like it after due diligence. eg Food and Inn not moving at all though DAMANI holds 4 pc stake in the co and looking to acquire more for DMART. But when this will happen only GOD or DAMANI can tell you. So to buy hold or exit is your call. Multi baggers does not move like trading calls.

Watch Centrum counter. My reading is event is near as someone always stands for buying at rs 15.90 and 15.95 big quantities and now the selling depth gone down and volatility reduced substantially. Rest is upto you.

I am sure Bank Nifty will rock more than Nifty as Bank Nifty people have shorted even for hedge. KOTAK INDUS SBI HDFC AXIS ICICI all are in buy mode and can spurt very heavily.

Nifty need to cross 11580 earlier high then short covering and fresh buying will start. It will cross as it is destined to test 12400 and currently it is trying to confuse traders and triggering margin calls.

But the charm lies in small caps. L G Balakrishnan and Raymonds should be the best stocks now.

So long as scrap policy does not come TATA MOTORS will keep on rising. Indus IND bank could be another beneficiary having large exposure to AUTO segment hence I see price moving past Rs 800 very fast. Indus Ind stock corrected from 2000 and went down to almost rs 200 which reminds me BAJAJ AUTO which similarly had crashed from 1800 to 200 and then now is at Rs 3000. Same way INDUS IND bank will see it at Rs 3500 in next few years. Market is strongly spreading rumour that promoters does not have cash and could default which is all non sense. They have borrowed less than 400 crs for stock buying and I do not believe that HINDUJA gr cannot manage Rs 400 crs. In fact, the 400 crs invested has already become Rs 700 800 crs and they are capable to place more shares at Rs 800 900 and can make 100% out of it.

L and T Finance and IB Housing are the safe bets in NBFC. Both will give 100 pc returns. In fact LTF does correct from 72 levels to 60 and rise every time so practically it has made self resistance at 72 though I believe that news of sell of their MF biz will come and suddenly trigger the stock.

Bharati MSCI selling is over. GIC selling is over. FTSE selling is just 1000 crs Rs that is 2 cr shares which can be absorbed very easily and the last date is tomorrow that is 17th Sept. So practically there will not be any selling after 18th. Stock is there in every portfolio and all have entered at 550 570 levels and seeing 20 p discount in such quality stock will draw more buyers. If you are smart enough you can buy and hold and earn 20 %. We have already buy on BHARATI.

Anytime we may see action in BPCL and RIL could be a surprise bidder. My source says it is at Rs 630. Stock is at Rs 416 and hence there can be sudden spark.

Time has come for WOCKHARD run. I set my target at Rs 1000 plus in next 12 months. So also I have clear buy on CAMLIN FINE for target of 250 plus.

My targets are my views. You should do your due diligence before you buy shares. Also consider that all the stocks we recommend as having vested interest.

RIL will be next driver as have been telling in my comments.

Short covering will start soon in Nifty. Bank Nifty if corrects towards 22000 try to add.

Raymonds is next stock which we feel will be another BAJAJ CONSUMERS. We have given the details of SOTP of Rs 750 in the RI section for your confidence. Some investors really questioned the life style of SINGANIA and said that this is not good for investors. Well then in that case we should not buy even RIL and ADANI gr shares as their lifestyle is even better than SINGHANIA. What we need to see is how much discount is to the fair value.

In India a torn saree is sold when in SELL (1 for 1 free) now in case of Raymonds the discount is 66% which means 2 free on every 1 bought. Will it appeal to you or not is your choice.

Stock picking will help you in wealth creation and at 11500 blind buying will never help you. So always look for stocks which are trading at steep discount to fair value. You may not come to know what is the fair value. We had posted details of many stocks like BAJAJ CONSUMERS and now Raymonds. Value unlocking happens with some triggers. e g De merger will make your value rise by 100 pc and post de merger there will be stake sell case in realty arm which will raise FCF in the group raising the valuations further.

Had this stock not worth big investors could have bought till rs 900 earlier.

Now as regards SCRAP policy it will get delayed as GADKARI himself is infected. TATA MOTORS may see some correction. Around 136 139 levels try to catch this stock again.

Do you remember when INFY was downgraded and hot till 650 ...? Only CNI was giving buy calls then for target 1000 and it has crossed 1000 today. This again proves that all big crash in good stocks are pre planned. Big hands are behind such crash. They eat smaller fishes and become bigger fish. Hence we should be an opportunist in such case.

This is applicable to BHARATI. Bharati fell from rs 580 to Rs 470 for no reason. Big people are behind it. And reversal will take BHARATI past Rs 750. I will re write that time. So today is an opportunity to buy BHARATI as all big fishes are eating small fishes. Same is true for AURO pharma and KOTAK Bank. These are quality stocks and cannot fall. Current fall should be treated as fishing net. If we succumb to pressure we exit at loss and if we are smart and add it current levels we will get 25 pc profit in shortest possible time. I know Numero UNO who bought AURO at 932 and holding it as it is which means stock has to cross 932. Probably they must have added more. They trade for 50 pc gains. Accordingly to which stock has to cross Rs 1350 in next 3 months which means for us 50% profit.

Instead trading every day we should pick such sweet spots and hold it for 3 months trading. 4 trading a year means 200% gains.

World bank has suggested that global economies are likely to take 5 years to come back on track. Now if you compare this with India it will take much lesser time and that is why India is attracting lot of investments.

Market is in consolidation mode and hence except few shares nothing is moving. Wait till Nifty cross 11650.

Stock specific buying is always advisable.

Avoid leveraging and gambling at the moment.

Global Story

Nifty moved within the range in this week defying either a big fall or big rally. The range though suggest market consolidation and ready for sharp up move in coming days. This is simply because market did not fall even after INDIA CHINA border tension and steep fall in GDP which was discussed in our earlier tow reports. In fact, market has recovered from a low of 11200 to 11613 a recent new high which now became a resistance for the time being. After 11613 the only resistance for the market will be earlier high of 12400 which we believe will test for sure.

During this period we have seen market absorbing selling due to MSCI rebalancing and FTSE re balancing. Yesterday FTSE rebalancing selling is over and largest beneficiary in terms of completed selling is BHARATI AIRTEL as it had 9 cr shares MSCI selling and 2 Crs FTSE selling and stock has recovered at least 5 to 6% from the low. This truly indicate that this quality data stock is set to re run to recover all lost ground and may be to see new high in coming days. SUNIL MITTAL has gone on record suggesting that BHARATI will double the ARPU in next few quarter. We believe Rs 100 rise in ARPU means Rs 36000 Crs new revenue for the co. The sector in which US TECH have shown huge interest is visible from the fact that JIO has generated over Rs 1.5 lac crs by selling 20% stake in the co valuing JIO over Rs 7.5 lac crs. Bharati at less than Rs 3 lac crs market cap is due for 100% rally in next few quarters. Equally true for VODAFONE which is at Rs 25000 crs market cap makes it a candidate of 10 baggers as very soon this will be FCF (free cash flow) generating co.

Auto and Auto component co's are coming in limelight for many reasons. We had been recommending MARUTI from sub 5000 levels and suggest that it will cross 8000 very soon. Also was the case with TATA MOTORS. The reasons for our conviction were huge adjustment of delivery staggered with dealers in JAN FEB 2020, good monsoon raising the rural income, festive seasons, probable cut in the GST and the depreciation benefits under INCOME TAX ACT. Yes, there is sudden spark in demand from dealers as they have exhausted with old inventory forcing companies to raise production once again. In fact, HCV (heavy commercial vehicles) is getting huge export orders particularly TATA MOTORS and ASHOK LEYLAND. Stock prices corrected so sharply as if there will not be any production for next 12 months and hence in our belief these stocks were due for bounce once production re starts and it happened.

It would be interesting repeat the quote of Mr Rakesh Jhunjhunwala " If market were to exactly react in accordance with the immediate rise and fall in GDP, then the economists would have been the richest people in the world. " This says it all. Market behaves much in advance on either side. There is what the success of CNI stands as we always think exactly against the conditions and tries to factor in the effects of the action and re action.

Russia is not far in vaccine launch whereas U S too claimed that the vaccine will be in place by OCT. India claims it should be in place in JAN 2021. All said and done whosoever launch the vaccine first, the vaccine will not reach the common people before MARCH 2021 and hence next month's you will have to carry like this and there will not any change in market mood.

Why are we connected with vaccine and market is important to understand. Lot of people believe that after the US elections market will crash and QE programme will end after elections. We believe it not. The US has passed a bill of 13 trillion USD QE and we have not seen even 20% of the spend so far. That means a major portion is yet to come in the street. Now the vaccine co relation. So long as vaccine does not hit masses the programme of QE does not stop. It does not have any co relation with US elections. Even if the new president comes in he will have to carry the same policy and FED may continue to buy the bonds. Now with less than 3 trillion USD spend we have seen market rise from 18000 DOW to 28000 DOW and same co relation goes with the balance 10 trillion USD spending. DOW has to cross 40 K 50 K and travel towards 80K in course of time. By the time vaccine is in place and spend reaches say 10 trillion USD the economy will become financially strong to take care for future years. Here you should note that US was on verge of vertical collapse post LEHMAN and only 800 BN USD gave life to the US economy which carried on for next 12 years though we were expecting this to last only for 4 to 5 years. Though no economist can exactly predict how long this 13 trillion USD will help but the past experience now suggest we are 15 years to 20 years away from the disaster. The famous recession will not hit now at least for next 5 years hence the better option will be to remain invested.

From JAN 2021 we will see the implementation of new dictate of SEBI that is 25% compulsory investment in small caps and midcaps. Though there is possibility of merger of midcaps funds with large caps there is no such case in small caps and there is no ownership. This means 25% of the funds will travel to small caps for sure. Now if you are smart enough and know how to make it out from the market focus now on quality small caps and wait for your turn. At least 1000 pc returns in strong cases is not ruled out. In some cases you may get even better than 1000 pc. Thus you have a opportunity of life time. If you miss it this could be your last chance. If you are unable to fix which stocks could be the next multi baggers you can take help from our expert's teams.

Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	19/07	24,455.41	+114.56	+0.47
Singapore	Straits Times	19/07	2,497.71	-3.07	-0.12
United States	NASDAQ	19/07	10,793.28	-117.00	-1.07
United States	DJIA	19/07	27,657.42	-244.56	-0.88
United States	S&P 500	19/07	3,319.47	-37.54	-1.12
Japan	Nikkei 225	19/07	23,360.30	+40.93	+0.18
United Kingdom	FTSE 100	19/07	6,007.05	-42.87	-0.71
Malaysia	KLSE Composite	19/07	1,506.63	-6.44	-0.43
Indonesia	Jakarta Composite	19/07	5,059.22	+20.82	+0.41
Thailand	SET	19/07	1,288.39	+3.99	+0.31
France	CAC 40	19/07	4,978.18	-61.32	-1.22
Germany	DAX	19/07	13,116.25	-91.87	-0.70
Argentina	MerVal	19/07	41,484.06	+1,684.17	+4.23
Brazil	Bovespa	19/07	98,289.70	-1,808.10	-1.81
Mexico	IPC	19/07	36,017.35	-113.57	-0.31
Austria	ATX	19/07	2,206.24	-36.71	-1.64
Belgium	BEL-20	19/07	3,375.86	-14.32	-0.42
Netherlands	AEX General	19/07	550.85	-1.63	-0.29
Spain	Madrid General	19/07	681.63	-14.85	-2.13
Switzerland	Swiss Market	19/07	10,539.17	+19.84	+0.19
Australia	All Ordinaries	19/07	6,057.60	-11.60	-0.19
China	Shanghai Composite	19/07	3,338.09	+67.66	+2.07
Philippines	PSE Composite	19/07	5,908.90	-34.62	-0.58
Sri Lanka	All Share	19/07	5,720.67	+62.01	+1.10
Taiwan	Taiwan Weighted	19/07	12,875.62	+2.88	+0.02
East Israel	TA-100	19/07	2,412.40	+6.23	+0.26

Name of Editor: Minit Jhaveri

Publisher:

Mr. Kishor Ostwal
120, Gokul Arcade,
Sahar Road, Vile Parle (East),
Mumbai-400057
Tel No: 022-28220323/28383889, Fax No: +91-22-28242220
E-Mail at: chamatcar@chamatcar.com

Printer:

KOKILA GRAPHICS

Printing Press Address:

Gala No-12, Gr. Floor,
Bliss Compound, Nivetia Road,
Malad (East),
Mumbai-400 097

Owner:

CNI Research Ltd

Place of Publication

A-120, Gokul Arcade,
1st Floor, opp Garware House,
Sahar Road, Vile Parle (E)
Mumbai- 400057

CNI Publications, A/120, Gokul Arcade, Sahar Road, Vile Parle (East). Mumbai- 400 057. PH.022- 28220323 / 28383889, Fax- 022-28242220