

**Editorial**
**Vol -1, No-I, 29-Jan, 2021, 08 pages**

End of the day..... Nifty thought showing huge volatility the direction is positive. The stocks which were overbought like tata motors had to correct. Bpcl was again a part of sabotage may be again only because it is overbought. GOVT announced a new that they are re considering bpcl price is really meaningless as there was no price announced.. Hence we will stick with bpcl long call. Lupin auro and cipla where shorts were there and you see all these stocks have sparked today. Asian paints and srf is in buying theme. They will rise. So long as 14000 is not broken remain long. 14700 14800 will come. Budget even followed by 3 days fall has already created huge fear of Budget. So let us see what is there in store in the budget. Have conviction and stay long. If we feel weak moment we will generate hedge calls.

No need to panic. 2200 points correction is almost 4.4 pc and this reduces the gravity of post budget correction. Market is light now there may not be any correction now post Budget.

Stocks like BIOCON LUPIN and AURO gives clear advantage while buying whereas BPCL will rise again. When Govt said they are re considering the price how can one presume that it is lower one; it could be higher also.

BIOCON was hit down by 3% with just 1 mn shares volumes which suggest that there was no selling at this price. There will be more buyers in this quality stocks but this kind of moves are always there for killing stop losses, creating shorts and getting stocks at lower values. We have seen such moves in many stocks e g INFOSYS and today the same 550 stock became Rs 1400. Same will happen with BIOCON. It will test 550 600 in next 6 months. Golden opportunity for investors

**Change of the week**

	29-Jan-21	Rise /Gain
Sensex	46285	2453 ↓
Nifty	13634	700 ↓

**Net Investments ( ` Cr)**

	FII	DII
25-Jan -21	296.7	(387.7)
27-Jan-21	(673)	(3.3)
28-Jan-21	(3781)	1736.9
29-Jan-21	(5900)	2443.2
<b>Total</b>	<b>(10061)</b>	<b>3788.7</b>

**Turnover ( ` Cr)**

	FII	DII	Combined
<b>29-Jan-21</b>	<b>93,743</b>	<b>46,701</b>	<b>1,40,444</b>

29-Jan-21	Advances	Declines	Ratio
BSE	1327	1587	0.83

RKD used all brokers positions for adding BPCL and then allowed the stock to crash. He is not there to make losses. Please Note AURO with all good had corrected to 760 before rising back to 1000. Same is the case with BPCL. Everyone was long with hope of divestment. Now that stop losses got triggered the purpose seems completed. Now stock will rise slowly back to 415 and 430 and above 430 it will blast 20 pc in 1 single day. I am bullish in BPCL and will suggest to hold.

It is strange that at R 385 some1 selling in cash and At Rs 11 someone buying FEB 410 call. Well the major stream of income comes from calls and puts and stocks moves accordingly. BPCL e g Rs420 call was trading at Rs 20 and Rs 450 at 15 and all calls have become zero and if you take aggregate value calls all put together it could be rs 100 to 130 hence just imagine how much money funds and operators are making by shorting calls and they can easily control the counter when they sell calls.

When it comes to volumes I had mentioned to exit from VAISHALI PHARMA when stock was rigged up with bogus volumes. It was taken by surprise that one operator and promoters put together hold 95 pc stake then how could there be volumes in millions. They spread bogus news and dumped the stock at Rs 70 and now stock is at lower cct at Rs 43. Please study the Balance sheet before you enter this stock. Even I went wrong seeing their presentation and product profile.

Nifty has corrected from 14700 to 14130 almost 3.8 pc and 4.4 pc from the high. In my opinion it is good correction and it can max go to 5 pc which means 14050 should work as bottom. Before Budget if market has corrected 5% means the FAT is gone. In last 2 days FPIs sold just 1200 crs worth stocks. Now they too have understood that buy 34000 crs and sell 2000 crs so that market becomes cheap.

On 28th FED will release 1.8 tr usd and that will see DOW blast and so also Nifty.

SAIL is a counter where maximum long is struck as it is below OFS price. Another is TATA MOTORS where scrap and MUSK added flavour. Stock I feel will come in buy zone around 240 245 levels.

ION Exchange Inros Tyro good opp to buy at 20% discount. Rest left you. Fear and greed works and when there is buying time you do not have CASH that is also true.

<b>5 Top Gainers</b>			
<b>Stock</b>	<b>29/01/2021</b>	<b>25/01/2021</b>	<b>% Gain</b>
IIFL FINANCE	146.9	118.6	23.8
MAJESCO	40.2	33.1	21.2
COSMO FILMS	509.5	451.8	12.7
SHRIRAM TRANS	1291.6	1151.3	12.1
SOLARA ACTIVE	1485.5	1344.4	10.5

<b>5 Top Losers</b>			
<b>Stock</b>	<b>29/01/2021</b>	<b>25/01/2021</b>	<b>% Loss</b>
CHENNAI PETRO	90.2	121.1	25.4
INFO EDGE	4367.6	5345.8	18.3
VAKRANGEE	52.25	62.9	16.9
KANSAI NERO	547.8	650.5	15.7
APOLLO TYRES	196.6	231.9	15.2

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

<b>Top 5 Picks By CNI 'B' Group</b>
<b>Company</b>
HDFC LIFE
ZYDUS WELLNESS
POLY CAB CABLE
SYNGENE INTER
HAPPIEST MIND

There is no need to panic. You see which stocks have corrected largely are stocks in which public was bullish. I had mentioned buy calls are coming from every nook and corner. We have stayed away from such calls say SBI DLF Hindalco Tisco Vedanta Kotak Bank Indus Bank Tata Motors and these are stocks which are heavily corrected. We selected SRF still up ASIAN paints mildly down Biocon BPCL HPCL all are relatively doing well. Hence stock selection is must.

Our analysis is that 13720 should be the worst in this crash which is almost 8 pc from the top and today's bottom is 13803. We now believe that since new settlement is starting tom it cannot crash tom and hence expiry can be at 14000 plus may be 14110. Tonight 1.9 tr usd package will go through in US and buying will start from tomorrow.

Small caps and mid caps are saved from the crash and they will rise from hereon.

TATA COFFEE is our next research stock for Budget. This is a TATA Gr co with B V of Rs 54 is going cheap. All stocks where B B is long trades at 12 times BV and this tata gr co is trading at just 2 times of B V. With expected EPS to double stock is trading at just 15 pe and I believe it will repeat the performance like TATA ELAXI in coming months. This stock will also be beneficiary of Budget.

With just rs 2000 crs market cap with rising profits it is lottery stock. It cannot trade at Rs 2000 crs market cap with TATA brand. Add as much as you can and go for vacation.

Biocon is bottomed out. We are hearing 5 mn shares buying today. BPCL also will blast as the calls eating game is over. N Block is with them for sure. Today divestment committee is meeting on the expiry day though it was earlier scheduled on 16th Jan. Some positive announcement will come after market. Stock can rise 5 pc as early tomorrow.

Bharti will be another beneficiary of 700 mn usd buying in FEB due to MSCI re balancing.

Renosance Speciality hit upper cct. We though selected a bit late we believe that there is good story as stock belong to IPCA gr.

Buy small cap stocks as DII buying in small caps started with the JAN mandated allocation.

When Yesterday PM announced that all the sectors will be privatised soon I would like to draw your attention to my forecast from years that Govt will do this and will raise Rs 20 lac crs for sure. I had even given calculations about the OIL and Gas sector which will give more than Rs 8 lac crs to Govt. Now yesterday Govt raised the BPCL valuations to Rs 2 lac crs from Rs 1.8 lac crs earlier and now expect to get Rs 913 per share.

Now for selling all PSU to private sectors Govt need to give 5 years tax breaks. This will allow buyers to give 100% premium ( 20 pc annualised for 5 years ) which will make game clear.

Now if Govt sells all PSU in next 5 years Govt will not only get Rs 20 lacs crs but also save annual budget allocation of Rs 2.4 lac crs and start generating Rs 4 to 5 lac crs new revenue collections from these companies. Eg MARUTI.

If this becomes the theme of Budget then Nifty will not stop till 17000. Now you understand what NAMO had told to FPI which made them to invest Rs 2.64 lac crs in INDIA in 9 months. My dream of seeing Nifty 23300 will be unveiled. They will be bringing in Rs 3.5 lac crs shortly and if Govt announces privatisation fully then may be Rs 10 lac crs. Now compare this with India's corporate tax collection in Budget that is Rs 7 lac crs.

Now even with huge expansions across the board 20 to 25% rise in corporate tax collection will be projected in this budget. And with 11.5 to 15 pc growth in GDP the fiscal deficit will be at 3.5 pc which is huge positive. Market borrowings will be at Rs 4.5 lac crs which is normal and all this will lead to blown out rally in the market now.

I feel we will recover 1000 points of Nifty in less than 10 days if what I see happens in the Budget. It is good that market corrected 7.5 pc before Budget making it lighter.

Another dark horse for the Budget apart from PSU will be water solutions co. Govt will announce some relief for water solutions co as water is major issue in INDIA . PM has already announced to provide safe drinking water to every village. ION EXCHANGE will do the major work as this is the only co in this field. I will suggest go long.

Third is textiles sectors. I have only safe bet in this segment is ALOK which is owned by RIL.

ITC Govt is trying to exit at premium so I think we should see ITC to rise to Rs 280 where SUUTI will sell its stake and post ITC will be a super stock. ITC will announce demerger of hotel and FMCG biz to create value in the stock and there is every possibility that ITC will rise to Rs 700 in next 12 months. Buy buying in delivery will help.

You will be keen know why we expect market borrowing at Rs 7 lac crs for 21 as against 4.47 projected and 11 lac crs expected by some experts. Govt has raised more than Rs 3 lac crs through excise on petrol and diesel a wise move. They have also recovered more than Rs 50000 crs on liquor. They have reduced Rs 1 lac crs spending on defence and many other projects which were not executed due to COVID. Now as against unplanned spending of rs 8 lac crs for COVID 19 5 lac crs already recovered leaving the gap is at Rs 3 lac crs and hence the max borrowing for 21 will be 7 lac crs which is massive positive. For 22 they will project normal 4 to 4.5 lac crs. If Rs 4 lac crs then Nifty will blast at least 5 pc on this alone.

Lupin in their call has hinted that their R&D guidance will remain lower to 9% of sales (v/s earlier 10%+). Also, they have grabbed a 9% market share in gAlbuterol and are targeting to capture 20% in FY22. \*Plans to launch 30-35 products in the US each year. Given their few plants are on the US FDA radar, how they will launch so many products? But it seems mgmt must have taken some clue from fact that regulator has started their 1st overseas plant visit of Alembic in India just a couple of days back, this could have given them comfort to guide 30-35 launches in a single yr. The stock has corrected after good results, but I feel stock should be considered in this correction.

So time is not apt to go short. We did this at 14800 and we saw 13700 so we made money in short calls also. Though these were hedge shorts. Now we will be focussed back on long calls.

## Global Story

Nifty closed at 13717 in futures and 13634 in cash which is down almost by 7.8 pc from the top. We had expected a 10% crash post Budget which has happened ahead of Budget which is not unusual. Market is decided by strong hands in connivance with FPI and hence it is purely left them how to move the markets. We had chosen to go short 2 weeks back even as hedge shorts and we were rewarded as our hedge short call was at 14600 14700 levels from where 1100 Nifty points fall was which is huge. What is important to now understand how markets will behave post Budget. Playing on flat wickets does not require skill for any batsman but playing in hostile fast tracks require lot of guts and character. We are now in the similar conditions and therefore our analysis may help you in defining your strategy on Budget day or thereafter.

Naturally the first reaction will be sell off as market is seeing profit booking for last 7 days where Nifty has fallen 1160 points and Sensex by whopping 3775 points 7.55 pc. When 50000 is achieved profit booking was quiet natural for those who drove the market. But what for FPI..? Yes they have sold shares worth Rs 6000 odd crores in last 7 days and they have lost 8% of the market cap. They have net invested Rs 264000 crs net till JAN end and a loss of 8% means Rs 21120 crs which is really not meaningful for the FPI to take such a big hit after investing Rs 264000 crs. Thus it prima facie seems some Hedge Funds have sold in last 7 days sensing that long only FUNDS have paused the buying for watching the biggest event of the YEAR that is Budget 2021.

It is not out of place to repeat our earlier observations that after 35 BN USD buying some pause is done but it does not mean it is the end of the road. The fresh buying will start after Budget immediately if Budget satisfies the FPI thinking though it may not be good in common parlance. If that happens the fresh buying will get triggered immediately and in such a scenario the 1160 points fall will be recovered in less than 28 days and new high will be hit. But what if Budget did not satisfy the FPI then what..? In that case we should be prepared to see further fall of 2 to 3 pc in Nifty which means can go down to 13300. In given situation 13300 is not a big deal and hence you will get an excellent opportunity to buy at 13300 plus minus 100 points more.

Now let us consider some hard facts. From 14000 we were asking for some correction which never came or came in small bits and pieces. From 14800 to 13634 this is the first big correction which was on desired lines. We had mentioned earlier also post Budget if Nifty correct from 14800 or 15000 or 15100 at least 10 pc correction will come. Now from 14800 we have seen 13634 which is 7.83 pc and history suggest the third category of correction is for 10 to 11 pc. Therefore if we take 11 pc then 13300 should become a strong base. Also not that all is falling. BPCL was trading at Rs 380 even at 14600 and now at 13600 it trades at 386. So what has led to this fall is thanks to RIL, Bharti, Maruti, INFY, TCS, TAMO, TISCO, HDFC, HDFC Bank and Dr Reddy which are heavy weights and they are moved up and down for controlling the INDICES. Indices management is out of speculation books and no action can be taken against them even if they rise or fall 50%. At the same time mid caps and small caps never fell. Only those stocks where excessive longs were exposed seen some correction e g DLF Hindalco etc. So this correction was good and should be considered healthy for next rally in the market. We are still in the Bull Run and next targets on Nifty is 16600 16700 hence you should try and pick value stocks in every dip. Gamblers ( F O traders ) have no other way than to gamble and for them fall or rise they have to play either side.

So going forward you should know when should you call the Budget good and when bad..?

Definitely some tax concessions will come for small tax payers at the cost of rich tax payers which in our opinion market neutrals. Lot of questions will be raised from where MADAM will bring funds to meet the ends of Budget which we have discussed earlier hence will not go into it. What matters us from the FPI point of views are only 2 issues apart from thematic Budget. Before we discuss these 2 components let us what are the other possibilities and rationale behind it.

Govt may consider giving tax break of 5 to 7 years to PSU companies which are taken over by private investors. This must be at the cost of 100% premium to current market cap of the companies. eg BPCL cmc is Rs 84000 crs. Govt is on record earlier that they want Rs 1.8 lac crs valuations. on Thursday there was new that Govt now wants to raise this to Rs 2 lac crs so that it can get Rs 1.06 lac crs for its 53 pc stake in BPCL. Now if tax break is given co's may save 135% over 5 years so they can afford to give 100% premium. If this happen all PSU will double in six months as they are heaviest

oversold and underperforming as FPI believe in Govt inefficiency. Rationale Govt can sell PSU a good price for next 4 to 5 years targeting to raise Rs 20 lac crs.

Secondly that there could be chances of setting of guidance to transfer all bad loans to a bad loan bank with immediate effect. This probably with a view not to allow surface the covid bad loans in the books of PSU which could be reality in next few quarters. If that happens all PSB will be on RUN.

Apart from these we do not talk about agriculture, defence, water and infra related provisions which will be there in the Budget. Now 2 things which we want to keep on radar is fiscal deficit and market borrowings.

For FY 21 the fiscal deficit is expected at 7.7 pc ( as per survey ) whereas market borrowings at Rs 11 lac crs ( as per CARE report ). Now these will work as market expectations. So if the fiscal is below 7 pc it will be huge positive. Before covid it was projected at 3.8 pc so not big impact. And market borrowing if less than Rs 8 lac crs it is massive positive. For FY 22 fiscal deficit should be less than 4 pc or 3.8 pc to make Budget positive and market borrowings below Rs 5 lac crs. How this will happen we have already discussed in earlier reports.

So if these 2 expectations meet well then market will blast towards 14800 in less than 28 days and then 16600 16700 in course of time. If not then 13300 will give good support.

We sum up with the final writing on the camel's back that is FPI are here to stay and will never exit INDIA for next 2 decades. They will never withdraw money from Indian markets. Their options spreads are the highest in the world and biggest as compared to any business in INDIA and hence they will stay here.

## Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	30/01	28,283.71	-267.06	-0.94
Singapore	Straits Times	30/01	2,902.52	-17.78	-0.61
United States	NASDAQ	30/01	13,070.69	-266.47	-2.00
United States	DJIA	30/01	29,982.62	-620.74	-2.03
United States	S&P 500	30/01	3,714.24	-73.14	-1.93
Japan	Nikkei 225	30/01	27,663.39	-534.03	-1.89
United Kingdom	FTSE 100	30/01	6,407.46	-118.69	-1.82
Malaysia	KLSE Composite	30/01	1,566.40	-14.22	-0.90
Indonesia	Jakarta Composite	30/01	5,862.35	-117.04	-1.96
Thailand	SET	30/01	1,466.98	-1.53	-0.10
France	CAC 40	30/01	5,399.21	-111.31	-2.02
Germany	DAX	30/01	13,432.87	-233.06	-1.71
Argentina	MerVal	30/01	48,257.14	-1,372.95	-2.77
Brazil	Bovespa	30/01	115,067.60	-3,815.70	-3.21
Mexico	IPC	30/01	42,985.73	-1,295.00	-2.92
Austria	ATX	30/01	2,887.73	-20.81	-0.72
Belgium	BEL-20	30/01	3,623.60	-42.46	-1.16
Netherlands	AEX General	30/01	637.11	-11.89	-1.83
Spain	Madrid General	30/01	773.46	-17.41	-2.20
Switzerland	Swiss Market	30/01	10,591.06	-258.76	-2.38
Australia	All Ordinaries	30/01	6,870.87	-46.72	-0.68
China	Shanghai Composite	30/01	3,483.07	-22.11	-0.63
Philippines	PSE Composite	30/01	6,612.62	-239.22	-3.49
Sri Lanka	All Share	30/01	8,668.07	-143.94	-1.63
Taiwan	Taiwan Weighted	30/01	15,138.31	-277.57	-1.80
South Korei	KOSPI	30/01	2,976.21	-92.84	-3.03

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