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Weekly summary

Editorial

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Precisely what we advocated has come in Budget. Bold and beautiful. No Prime Minister dared in the history of 77 years to make such wild reforms on tax slabs which will go long way in India stability, consumption, and path to GDP 8%.

Read CNI Budget analysis which is always different than street budget analysts. We do not focus on petty issues. We believe Budget is extremely good. Balance is well done by giving Rs 12 lacs tax free slab yet projecting 14% higher estimates of tax collections which proves the old proverb that reduce the taxes and tax collections will rise.

Market reacted the way we were thinking as FPI dealing rooms were closed till 3.30 pm on Saturday. Street never wanted to give edge to intraday traders. Third FPI are short and if you take markets BHEL TAMO to 10% up then how would they cut their shorts..?

We have clarity and discussed everything in our Budget analysis. The biggest + of the this budget is as under

Assuming that 50% of the tax payers are near the minimum tax bracket (India most of the people avail the tax free bracket) there will be liquidity surplus of Rs 5 lac crs. That is Rs 5 lac (12 lacs minus Rs 7 lacs) per tax payer. To that extent Rs 5 lac crs will get infused in banking system as additional income generated by tax payers.

This Rs 5 lac crs will go in various consumption schemes could it be white goods, auto, house, travel, education or anything else which will create 18% GST revenue for Govt. This is not factored in.

Maximum tax rate has been reduced from 35% to 30% and also 30% is now applicable above Rs 25 lacs instead of Rs 15 lacs coupled with no tax till Rs12 lacs could mean more savings for spending over and above Rs 12 lacs goodies. This will also create more GST which is not factored in.

Change of the week

	07-Feb-24	Rise /Gain
Sensex	77860	358 ↑
Nifty	23559	51 ↑

Net Investments (` Cr)

	FII	DII
03-Feb-2025	(3628)	2708.2
04-Feb-2025	1029.4	(430.7)
05-Feb-2025	(1147.5)	996.2
06-Feb-2025	(3594.2)	2721.6
07-Feb-2025	(470.3)	454.2
Total	**(7810)**	**6449**

Turnover (` Cr)

	FII	DII	Combined
07-Feb-24	**1,56,837**	**1,35,375**	**2,92,212**

07-Feb-24	Advances	Declines	Ratio
BSE	1520	2402	0.63

Best part is that GST is multiple channel as set off is available to only B to B clients and not to B to C hence we estimate that can generate more than Rs 2 lac crs additional GST.

Based on our assessment there is no bad events left and path to growth re surfaced hence Nifty has to travel to 25000 soon and on earnings valuations 30000 in 2025.

Hence remain simple and long and enjoy the rally going forward. As suggested earlier DII will try to make their books positive before March 2025 else their shops will get shut which they cannot afford. Possibly they will use cash for different stocks than earlier rally which have already seen distribution and create new mark to markets which will allow them to return 20% to their stakeholders.

We stick with fresh ideas which are coming under INSTITUTIONS radar. GTV is the first co which has come under their radar. Do not be surprised if stock run like KPT or NILES in coming days.

Current fall if any on tariffs will be a great opportunity to buy as simply TRUMP will not impose tariffs on INDIA and also RBI will be proactive to Govt policy and cut rates by 25 bips. MK EXIM will be the largest beneficiary of this Budget as more than Rs 5 lac crores is going directly in consumption and being women have largest spending power M K will get more than 100% additional business. Add.

12th Feb Trump and Modi meeting. How would he put tariffs on India? China yes because its threat to USA. Canada yes because Canada is like Pakistan for USA. Now please note Modi had made tax rate 15% for foreign companies which is lowest and only after that USA had told their companies to leave China and move to India. So I think tariffs is too grave to think.

CANADA removed for 1 month. India will not ne hence SGX up 120 points.

Market too knows it but this is another ghost. They have habit of creating. How long? Fpi are still short 1.84 lac contracts and they are trapped very badly this time.

They have taken head on with Indian Govt which is not good. India will ask Dii to buy heavily and also some groups have huge cash. In fact F M has now officially allowed p note at gift city where there is no tax so this Budget has given what fpi wanted.

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5 Top Gainers

Stock	07-02-2025	03-02-2024	% Gain
AARTI PHARMA	739.5	588.1	25.7
KPI GREEN	475.2	385.7	23.2
ERIS LIFE	1476.7	1221	20.9
AEGIS LOGI	826	684.7	20.6
PRUDENT CORP	2420	2020.5	19.7

5 Top Losers

Stock	07-02-2025	03-02-2025	% Loss
VAKRANGEE	17.6	22.8	22.5
THOMAS COOK	142.6	168.3	15.2
BEML	3132.5	3669.7	14.6
KAYNES TECH	4277	4888.2	12.5
THERMAX	3388.3	3866.1	12.3

Top 5 Picks By CNI 'A' Group

Company
RELIANCE
TATA STEEL
HCL TECH
TATA POWER
HDFC BANK

Top 5 Picks By CNI 'B' Group

Company
SHETRON
ADSL
CTE
MK EXIM
INTEGRA ENGINEERING

I am convinced that market will rise and very fast towards 26600.

The largest impact of this Budget will come on textiles railways defense capital goods, nuclear energy and consumption. My bets are integra engg , m k exim , riba lahoti , railtel , cifl etc etc

This is revolutionary budget. More than Rs 5 lacs will come in banking from Rs 12 lac slab alone. Another 5 lacs will come from rise in slab from 15 lacs to 24 lacs. 10 lacs additional cash in banking will be nothing but conversion of black money in white.

This will create additional GST of at least 4 lac crs as only 30% is b to b rest is b to c where there is no set off. Money will have at least 3 to 4 round of circulation.

Consumption will rise and we will travel towards 7 to 8 % gdp for sure. Sometimes you have habit of asking others opinion instead of relying your own chakry hence I am sharing something interesting here after that your confidence will rise and you will start deploying your cash.

"Sharing the views and calculation on GDP impact on Income tax reduction from Prof. Krishnamurthy V Subramanian (Ex. Chief Economic Advisor to GOI 2018-21)..

Budget2025: EFFECT OF PERSONAL INCOME TAX (PIT) CUT IS HUGE!!!

Estimate consumption in FY26 will ↑↑ by >10% and GDP will ↑↑ by >8%."

Travel tourism garments white goods two wheelers four wheelers hotels real estste will have higher demand for sure but the biggest will women consumption. First women's will see rise in thier savings and also have major say in husband's saving. From this angel i feel m k exim will be the stock of the year.

Eq 40 crs q2 pbt 7.2 crs q3 expected 9.4 to 9.6 crs fy 26 pbt will be 40 crs +++ means eps 10 pe 8 which stock you will get at 8 pe in this sector ??? Industry p e is 100. It is GOLD in my view as it also debt free. How long street will ignore and operator will sell to control the counter. We must also understand the importance of this sector from the fact that HUL spent 3000 crs to acquire similar co. Here we are getting practically same co at Rs 300 crs size. This is my underlying reasoning exactly similar to BSE which has become 20x. I can see even M K will be 20x at least.

Since this is no brainer multi bagger every CNI member should have at least 10000 shares in their D mat.

Hydrogen and Nuclear power is next big thing and for that we must log in to power companies. Gtv engg and tirupati Starch will remain my best picks in this sector as Starch is the new source for hydrogen.

Re will test new lows as India want to push exports. Pli in component and this factor will create huge upside in anc sector. 4 mnc car manufactures have entered India. I feel shivam and akar are two dark horses. Nothing can go wrong so before operator check in move your resources to these two stocks.

Even Swiss Military will be one of the biggest consumption story as all 700 products are related to our day to day use.

We are issuing a new report to explain how the consumption will spark Indian economy and how much. Also this will be path to GDP 8% and to 12 tr $ which will be available to you by week end. This is again done at the behest of ICAI as they want tomorrow Technology to make presentation to CA fraternity where CNI has been rated.

Nifty has come to 23800 from 22800 and heading for 25000 then 26600. Bears are trapped. FPI at all-time low at 17% exposure in INDIA and out of that also 50% if removed being belonging to Indian owners they are less than 8% that is equal to retail.

SIP all to set to double and DII AUM will rise to Rs 75 lac crs then why bother about FPI. They are in any case selling all high beta and high PE stocks which have already been distributed when operators made exit at the top. FPI now selling at 50% lower and taking hit. This proves two things that FPI are hands in glove while buying with operators and operators do not spare even FPI at the time of exit. They exited FPI stuck hence the selling.

As told to you operators are searching new sectors and new stocks and 3 of CNI recommended stocks on their list now. You will come know which one very soon.

Based on earnings estimates for 25-26 we expect Nifty fair value is 31500 which you will see in new report. Yet we discount some and hold 28888 and 30000 are our next targets.

GTV AKAR SHIVAM and CIFL (CCT limit changed to 10% and 17th FEB is record date for stock split) will be my best picks and very soon volumes will also pick in these stocks.

23800 crossed and FPI still short 1.5 lac contracts. The day is not far where FPI will cut this and go long 1.50 lac contracts once they realize that earnings are growing at 20% in FY 26 as hinted by FM which you can read in our new week end report.

Many have not understood the importance of Budget and remained bearish by and large.

Large cap switching is still on where FPI are still on selling spree even though the overall stake is reduced as low as 17% and minus Indian owned funds less than 8%.

With rising liquidity of over Rs 11 to 15 lac crs apart from domestic consummation theme some savings will also go into SIP.

Per capital Income of Indian citizen will rise to5000 $ from 2500 $ in very short time thanks to raising limit of savings to 13500 $ (Rs 12 lacs) for 8.4 cr tax payers.

.3% has been directly foregone by the Govt in the form of taxes whereas savings is rising 3% of GDP which will lift be default GDP to over 7% and even 8% possible and there will be consistency.

Sharing the views and calculation on GDP impact on Income tax reduction from Prof. Krishnamurthy V Subramanian (Ex. Chief Economic Advisor to GOI 2018-21)..

Budget2025: EFFECT OF PERSONAL INCOME TAX (PIT) CUT IS HUGE!!!

Estimate consumption in FY26 will ↑↑ by >10% and GDP will ↑↑ by >8%.

See step-by-step calculations below:

Step 1: Madam FM @nsitharaman estimate in her budget speech that the tax forego due to PIT is about ₹1 Lakh cr. This is a direct ↑ in disposable income of middle class.

Step 2: Data shows that middle class saves about 20%. So, 80% of this ↑ in disposable income will go into consumption.

Step 3: Consumption multiplier = 1/(1-MPC), where MPC is marginal propensity to consume. MPC = 1 - Savings rate = 0.8. So, consumption multiplier= 1/(1-0.8) = 5.

Step 4: Combine with #1 above, ↑↑ in consumption will be = (consumption multiplier) * (↑ in disposable income) = 5* ₹1 Lakh cr = ₹5 Lakh cr.

Step 5: This year, ↑ in consumption is 7.3% on a GDP ↑ of 6.4%. So, for FY26, with expected GDP ↑ of 6.3%, ↑ in consumption can be estimated proportionally to be 7.2%. Remember, this is without the impact of the ↓ in PIT in hashtag Budget2025.

Step 6: Now, we can estimate what will be the total increase in consumption due to ↓ in PIT. From GDP estimates consumption (real) in FY25 is ₹104 Lakh cr. As 5/104=4.8%, ↓ in PIT will deliver additional ↑ in consumption of 4.8%. So, I estimate ↑ in consumption in FY26 to be 4.8% + 7.2% (as estimated in step 5) = 12%.

Step 7: Finally, what will be the impact on GDP? GDP (real) in FY25 is ₹185 Lakh cr. As 5/185=2.7%, ↓ in PIT will deliver additional ↑ in GDP of 2.7%. So, I estimate ↑ in GDP in FY26 to be 6.3% (w/o ↓ in PIT) + 2.7% (impact of ↓ in PIT) = 9%.

Final estimate: Let's allow for some over-estimation in the above. Even conservatively, consumption will ↑↑ by >10% and GDP will ↑↑ by >8%.

With 15% corporate earnings growth PE will be 16.52 and at this PE we wish all the best to bears and sellers.

New Approach Bottom UP

GTV Engg is announced good results and dividend. Platform is set. Watch from here on how this co become multi bagger.

M K EXIM: Annanya Birla enters cosmetic biz. Earlier Isha Ambani. Existing players Trent hul nykaa and mama ... all 4 trades at 100 pe ... that is industry pe. M k exim with 34% ibitda margin trades at 8.5 pe x 26.... decide what you want to own

CIFL Lahoti and Tirupati : Circuit filter has been changed as expected which was shared with you.

AKAR Auto : Re slide to 87.50 and slowly will travel towards Rs 90 which means component will become costlier by 5% for MNC and margins will rise Indian companies who have capability to manufacture.