श्री LAKSHMISHREE

Gateway to your Financial Goals

Monthly Outlook February 2021

Budget Month

From Managing Director's Desk To Readers

Everything You Need To Know About The Major Aspects Of The Budget 2021

Being the first digital-only budget for India, the Union Budget 2021 in India was unfolded on 1st February 2021 between 11.00 a.m. and 1.00 p.m. by our Finance Minister Nirmala Sitharaman.

It was expected by a lot of people that Budget 2021 will not bring any changes in the taxation slab and the same came true as per people's expectations. Furthermore, the Health care sector was given a massive push by increasing 137% in budgeted expenditure as compared to last year.

Moving onto the sector that witnessed a big push from government of India was the infrastructure sector which is now expected to be on a speedy run. The reason being the government has proclaimed support that will promote the Infra business evolution in the future.

The Market Reaction on Budget 2021

It is seen that the Stock Market is climbing higher and higher every single day since the day budget was out. And it was observed that Nifty Bank was the top gainer for the day. The Stock Market in India strongly ended with a 4% hike on the 3rd day of Budget. It is seen that the Stock Market is climbing higher and higher every single day since the day budget was out. And it was observed that Nifty Bank was the top gainer for the day. The Stock Market in India undoubtedly ended with a 4% hike on the 3rd day of Budget and the Benchmark Indices closed above 4.8%. Several reports also declared that the Sensex & Nifty were at their best gain on this years' budget day since 1997.

The Overview on Healthcare Spend

With the allocation of Rs 35,000 crores for COVID-19 vaccines, the Healthcare expenditure witnessed a massive jump of Rs 2.23 lakh crores or 137% in the Union Budget 2021. The highlighter for this point is that the government has earmarked about Rs 64,180 crores for Swasth Bharat Yojana.

A Speedy Push To Infrastructure

The Budget 2021 portrayed that a professionally managed Development Financial Institution (DF) is to be set up for the Infrastructure financing and a round-up figure of Rs 20,000 crores is kept aside to capitalize the institution. An outlay of Rs. 5.54 lakh crores for 2021-22 which was 34.5% more than the budget estimate for 2020-21. The budget also mentioned that the debt financing of InvITs & Reits will be empowered by the foreign portfolio so that this can be of tremendous relief to fund in infrastructure & real estate sectors.

Fiscal Deficit

The Fiscal Deficit is being clinched at 9.5% of the GDP for this current financial year ending on 31st March 2021. However, the deficit is estimated at 6.8% of the GDP for the financial year 2021-22. Therefore, this indicates a clear view of the colossal upsurge in government expenditure. Now in order to raise the funds for the expenditure, the government is raising approximately Rs. 80,000, said Ms. Sitharaman.

Are You Thinking Of Investments ??

You can stay connected with us to get regular updates on Investment, but the points that highlighted Investment post Budget 2021.

Corporate Bond: A permanent Institutional framework will be established to build the inspiration of investing in the corporate bond market at times of stress.

Investor Charter: Considering the security from the investors' perspectives, Ms. Sitharaman added that an investor charter would be announced as a virtue for all the financial investors.

SEBI as Gold Exchanges Regulator: The Security and Exchange Board of India (SEBI) is being reported at the regulator for gold exchanges.

FDI In Insurance

With the allowance of foreign ownership being safeguarded, the current limit of 49% of the FDI is now extended up to 74%. Concluding the FDI highlights, the Finance Minister added that a majority of the board of directors will be Indian residents.

Recapitalization

Asset Reconstruction Company: In order to take over the existing stressed debt and dispose of the assets to Alternate Investment Funds (AIFs), an Asset Reconstruction Company Ltd. is in the queue to set up and consolidate the other potential investors.

Recapitalization of Public Sector Banks: With the allocation of Rs. 20,000 crores for the recapitalization of public sector banks, a general insurer is on a move to be a part of the disinvestment program. There are two public sector banks in the record for recapitalization wherein the names of the banks and the insurer are not yet disclosed.

To be an umbrella for the retail customers, Ms. Sitharaman recalled in parliament that the government had earlier intended to raise the deposit insurance from Rs 1 lakh to 5 lakhs. She further mentioned that the required procedures will be exerted for the smooth execution.

Bringing down up to Rs 20 lakhs from Rs 50 lakhs, the minimum loan size eligibility is reduced for debt recovery under the Sarfesi Act.

A Positive Head start for the Start-Up

To motivate the companies managed by One Person also known as "One-Person Companies", the finance minister - Ms. Sitharaman announced incentivizing the incorporation of these businesses to initiate the drive of being #Atmanirbhar.

The start-ups are having no restrictions on paid-up capital & turnover. Additionally, the modifications of these businesses to other kinds can be done without any hindrances.

The residency limit is reduced from 182 days to 120 days for the start-ups and permitting the NRIs to contribute to one-person companies in India.

With the announcement of Capital gains tax exemption, the budget 2021 has extended the tax holiday by the next year up to March 2022.

The Tax Offerings

Proposing to introduce the pre-filled tax forms, the government has eliminated the filing of income tax returns for senior citizens with the age of above 75 years. Details from capital gains from listed securities, dividend income, and interest income to also be pre-filled in tax forms.

The Biggest Relief Home Loans

Extending the benefit of the additional interest deduction for one more year to get the privilege of purchasing affordable housing, Ms. Sitharaman has set Rs. 1.5 lakh for small taxpayers. This concludes that the benefits for the home loans taken will be applicable until 31st march 2022.

Subject to certain conditions, the deductions of above Rs. 2 lakh is available on the interest payment.

Therefore, summing up the overall deductions that an individual can avail to purchase an affordable house is Rs 3.5 lakhs by the next financial year.

There is also a deduction of Rs 1.5 lakhs tagged under section 80C for principal payment.

-- Salil Kumar Shah

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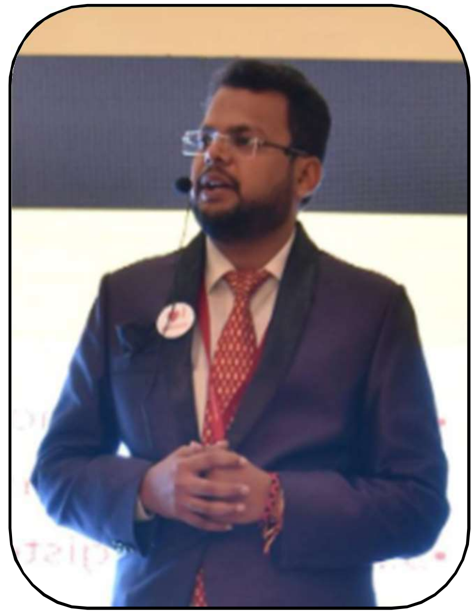
Which Stocks Should You Buy After The Budget 2021 ??



After Budget 2021 presentation on Monday, the Sensex zoomed over 750 points and the Nifty crossed the key 14,500-level in the opening session on Tuesday, a day after the Union Budget which outlined a slew of measures to pull the economy out of the pandemic-induced slump.

The BSE Index Sensex was trading at 49,352.27, witnessing a strong rally of 751.66 points or 1.55 per cent in opening deals.
Likewise, the NSE barometer Nifty was higher by 222.65 points or 1.56 per cent at 14,503.85 in early trade.

In the Sensex pack, all shares were trading in the green barring HUL.
Enthused over various measures announced in the Budget on Monday, the Sensex zoomed 2,314.84 points or 5 per cent to finish at 48,600.61; and the Nifty soared 646.60 points or 4.74 per cent to finish at 14,281.20 the biggest single-day gains ever for the benchmarks on Budget day.

HIGHLIGHTS

- Sectors to gain disproportionately- Capital goods, Infrastructure and financials
- Auto and pharma gain from policy tweaks (scrappage) and higher allocation
- Make in India boost: Higher Customs duty to benefit electronic goods manufacturers
- Key loser - Steel due to Customs duty change

Below Listed are the Stocks that you can gain most from after Budget 2021:

- **Beverages:** United Spirits & Radico Khaitan
- **Road & Infra:** Dilip Buildcon, IRB Infrastructure, & Ashoka Buildcon
- **Cement:** UltraTech Cement, Shree Cement, Ambuja Cements, & ACC
- **NBFCs:** Bajaj Finance
- **Banks:** HDFC Bank, Axis Bank, ICICI Bank, IndusInd Bank, & Kotak Mahindra Bank along with SBI & other top PSU Banks.
- **Insurance:** SBI Life, ICICI Pru Life, ICICI Lombard General Insurance, & HDFC Life.
- **Real Estate:** Indiabulls Real Estate, Oberoi Realty, & Prestige Estates Projects.

Anshul Jain
Research Analyst

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Look What Our Research Analyst Has To Say You…

From 24th March (7500) till 21st Jan 2021. Two Major corrections of more than 8% in 10 to 18 days. (1) 30/04/20 High 9889 and 18/05/20 Low 8806. Roughly 1083 points correction at its approx. 10% correction from Top and 50% correction of last swing. (2) 31/08/20 High 11794 and 24/09.20 Low 10790 near 1000 points correction 8.5 % approx. in 18 trading days and 50% correction of Last swing. Current scenario Marked High 14753 on 21st Jan 21 and Last Low 13596 on 29th Jan 21 its roughly corrected 1157 points from Top its approx. 7.85% in 6 trading sessions. Now we follow previous correction than 8.4% level near 13500 and 10% will be near 13280 and 38% of last swing retracement level 13521 and 50% 13142 . 21 Weekly EMA 13200 and Rising channel Support near 13350. Overall Weekly chart suggest Strong support zone between 13500—13150 plus minus 50 points. Closed below Rising channel. Trading Below 21/50 ema but moving avg crossover pending suggest possibility of Pullback and Range bound to spend some time to get crossover . 50 ema near 13700 and 21 ema near 14250. Div of Rsi and Price suggest Target of 13470. If its hold 13500 than Possibility of pullback 14150 –14250 and If its Reverse from 13300 than Possibility of Pullback 13950-14050. Daily chart suggest till its below 13950 possibility of 13250. Possible support levels 13450— 13310-13220. and Resistance Levels are 13820—13960--14050. Expected Trading Range between 14050-13220.

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STOCKS TO WATCH

1. LAURUS LABS Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Pharmaceuticals	Rs 348.1	Buy on dips in the Rs 316-318 band and add more on dips to Rs 286-288 band	Rs 356	Rs 397	2 quarters

Shree Varahi Scrip Code	19234
BSE Code	540222
NSE Code	LAURUSLABS
Bloomberg Code	LAURUS:IN
CMP Jan 13, 2021	348.1
Equity Capital (cr)	106.9
Face Value (Rs)	2
Eq- Share O/S(cr)	53.6
Market Cap(Rscr)	18655
Book Value (Rs)	33.1
Avg.52 Wk Volume	4493287
52 Week High	365.6
52 Week Low	61.9

Share holding Pattern % (Sep, 2020)	
Promoters	32.1
Institutions	27.1
Non Institutions	40.8

Our Take…

Laurus Labs is one of the world's leading suppliers of Anti-Viral APIs and intermediates. Laurus has leveraged its API skills and forward integrated capabilities to supply finished dosage formulations in regulated and semi-regulated markets. Its strategic and early investments in R&D and manufacturing infrastructure matched with the spurt in demand for HIV drugs in low and middle-income countries (LMIC). Finished dosage formulations (FDF) business led by LMIC tenders delivered significant growth in recent past and expected to provide steady growth opportunities. Moreover, focus on developing and subsequently filing ANDAs in the regulated markets is likely to help in increasing contribution from the FDF business to overall revenue.

In the formulations segment, Laurus targets Lower Middle Income Countries (LMIC), US, Canada and Europe. Company focuses on therapeutic areas such as ARV (Anti-retroviral), Cardiac, CNS and Anti-Diabetic. In ARV, the company has filed four triple combination products namely DLT, TLE 600, TLE 400 and TEE. In May-2020, Laurus received approval from US FDA under PEPFAR (President's Emergency Plan For AIDS Relief) for two ANDAs TLE 400 and TLE 600 tablets. API division is expected to improve gradually with the addition of new molecules not only in the Anti-Viral segment but also in other key therapeutic segments. Increasing supplies from Aspen and expectation of getting new business from other major companies would provide steady growth opportunities in the Synthesis business. We believe its strong focus on its formulations and synthesis business would be key growth driver for the company in the coming years.

Robust growth in the formulations business and emerging opportunities in the API space coupled with strong order book for the synthesis business provides ample growth visibility. Moreover, almost doubling of capacity, primarily to cater to the surge in demand for formulations augurs well and would substantially boost revenues over the next 2-3 years. Higher share of the formulations business has led to improved mix and has aided margin expansion which is clearly visible in H1FY21. Robust performance in H1FY21 points to a very strong growth for FY21, post that we believe the company would continue to deliver growth in mid-teens.

Valuations & Recommendations…

Formulations segment is the new growth engine for Laurus while synthesis and other API businesses are expected to grow in mid double digits. Company recorded robust growth in net profit for FY20 and H1FY21 led by robust growth in the Formulations (FDF) which recorded 202% yoy surge in revenues. EBITDA margin surged to 30.9% driven by strong operating leverage. Within the pharma space, Laurus is a very unique company having presence across API, CRAMS, formulations (FDF) and Biologics. Its topline is expected to grow at ~29% CAGR over FY20-23E led by robust growth in Formulations and healthy growth from API, synthesis segments. We estimate 66% earnings CAGR over FY20-23E, as formulations segment is expected to generate strong revenue growth of 38% followed by Synthesis which is likely to grow at 17% CAGR in the same period. After the sharp increase in margin in FY21, we believe it should remain in the range of 30-31% over the same period. Improving margins and higher asset utilization will push RoE/RoCE to levels of 30% in FY22E. Strong R&D skills, cost competitive processes, high probability of success in tender business, improvement in business mix led by formulations and strong return ratios are some of the key positives. The ramp-up of formulation business, addition of new clients in the synthesis business, delay in receiving new orders in LMIC, change in pricing scenario in ARV API business and changes in general business momentum will be monitored closely. We feel investors can buy Laurus Labs on dips to Rs 316-318 band (16.0x Sept22E EPS) and add more on dips to Rs 286- 288 band (14.5x Sept22E EPS) for base case fair value of Rs 356 (18.0x Sept22E EPS) and bull case fair value of Rs 397 (20.0x Sept22E EPS) over the next two quarters.

FINANCIALS

INCOME STATEMENT

Particulars (Rs cr)	Q2 FY21	Q2 FY20	YoY (%)	Q1 FY21	QoQ (%)	FY19	FY20	FY21E	FY22E	FY23E
Total Revenues	1139	712	60.0	974	16.9	2,292	2,832	4,460	5,129	6,043
EBITDA	374	138	171.0	278	34.5	357	564	1361	1538	1863
Depreciation	51	48	6.7	49	4.1	164	187	213	258	305
Other Income	5	1	257.1	7	-28.6	16	6	17	22	30
Interest Cost	14	26	-46.5	15	-8.7	88	90	63	67	55
Tax	72	9	682.6	50	44.9	26	38	259	284	352
APAT	242	57	326.8	172	40.7	95	255	838	944	1169
EPS (Rs)						1.8	4.8	15.7	17.7	21.9
RoE (%)						6.2	15.3	39.1	32.1	30.2
P/E (x)						197	73	22.4	19.8	15.9
EV/EBITDA (x)						54	34.2	14.2	12.5	10.4

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Total Income	2056	2292	2832	4460	5129	6043
Growth (%)	8	11.5	23.6	57.5	15	17.8
Operating Expenses	1642	1935	2268	3099	3592	4180
EBITDA	414	357	564	1361	1538	1863
Growth (%)	2	-13.8	58	141.5	13	21
EBITDA Margin (%)	20.1	15.6	19.9	30.5	30	30.8
Depreciation	125	164	187	213	258	305
EBIT	289	193	376	1148	1280	1558
Other Income	28	16	6	17	22	30
Interest expenses	80	88	90	63	67	55
PBT	238	121	293	1102	1236	1532
Tax	70	26	38	259	284	352
RPAT	168	95	255	838	944	1169
Growth (%)	-11.8	-43.5	169	229	12.7	23.8
EPS	3.1	1.8	4.8	15.7	17.7	21.9

BALANCE SHEET

As at March	FY18	FY19	FY20	FY21E	FY22E	FY23E
SOURCE OF FUNDS						
Share Capital	106	106	106	107	107	107
Reserves	1377	1452	1663	2413	3254	4269
Shareholders' Funds	**1483**	**1558**	**1769**	**2520**	**3361**	**4376**
Long Term Debt	142	259	185	195	175	144
Net Deferred Liabilities	-54	-55	-74	-74	-74	-74
Long Term Provisions & Others	86	90	103	119	129	147
Total Source of Funds	**1657**	**1852**	**1984**	**2759**	**3591**	**4592**
APPLICATION OF FUNDS						
Net Block (incl. CWIP)	1627	1717	1774	2161	2603	2749
Intangible Assets	17	22	20	20	20	20
Long Term Loans & Advances	72	76	72	79	88	97
Total Non-Current Assets	**1716**	**1815**	**1866**	**2260**	**2711**	**2865**
Inventories	585	682	905	1210	1377	1619
Trade Receivables	571	710	791	1079	1286	1498
Short term Loans & Advances	0	1	1	2	4	7
Cash & Equivalents	4	3	2	37	69	251
Other Current Assets	89	68	113	125	141	320
Total Current Assets	**1250**	**1461**	**1811**	**2451**	**2874**	**3691**
Short-Term Borrowings	759	684	792	832	732	527
Trade Payables	313	488	616	801	904	1044
Other Current Liability & Provisions	230	245	274	304	338	368
Short-Term Provisions	5	7	11	15	19	25
Total Current Liabilities	**1309**	**1424**	**1693**	**1952**	**1993**	**1964**
Net Current Assets	-60	37	118	499	880	1727
Total Application of Funds	**1657**	**1852**	**1984**	**2759**	**3591**	**4592**

Cash Flow Statement

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Reported PBT	238	121	293	1102	1236	1532
Non-operating & EO items	-28	-16	-6	-17	-22	-30
Interest Expenses	80	88	90	63	67	55
Depreciation	125	164	187	213	258	305
Working Capital Change	78	-99	-81	-347	-350	-665
Tax Paid	-70	-26	-38	-259	-284	-352
OPERATING CASH FLOW (a)	**422**	**232**	**445**	**755**	**904**	**843**
Capex	-393	-250	-264	-600	-700	-450
Free Cash Flow	29	-18	181	155	204	393
Investments	15	-5	-15	-8	-8	-9
Non-operating income	28	16	6	17	22	30
INVESTING CASH FLOW (b)	**-350**	**-239**	**-273**	**-590**	**-686**	**-429**
Debt Issuance / (Repaid)	26	121	-61	25	-9	-14
Interest Expenses	-80	-88	-90	-63	-67	-55
FCFE	-25	15	31	117	128	325
Share Capital Issuance	0	0	0	1	0	0
Dividend	-19	-19	-32	-93	-110	-163
FINANCING CASH FLOW (c)	**-73**	**14**	**-182**	**-130**	**-186**	**-232**
NET CASH FLOW (a+b+c)	0	7	-10	35	32	182

KEY RATIOS

Particulars	FY18	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	20.1	15.6	19.9	30.5	30	30.8
EBIT Margin	14	8.4	13.3	25.7	25	25.8
APAT Margin	8.2	4.1	9	18.9	18.5	19.5
RoE	11.9	6.2	15.3	39.1	32.1	30.2
RoCE	11.7	7.4	13.2	31.3	29.1	30
Solvency Ratio						
Net Debt/EBITDA (x)	2.2	2.6	1.7	0.7	0.5	0.1
D/E	0.6	0.6	0.6	0.4	0.3	0.2
Net D/E	0.6	0.6	0.6	0.4	0.2	0.1
PER SHARE DATA						
EPS	3.1	1.8	4.8	15.7	17.7	21.9
CEPS	27.7	24.3	41.5	19.7	22.5	27.6
BV	27.7	29.2	33.1	47.1	62.9	81.9
Dividend	1.5	1.5	2.5	1.7	2	3
Turnover Ratios (days)						
Debtor days	101	113	102	88	92	91
Inventory days	97	101	102	99	98	98
Creditors days	81	106	105	105	103	103
VALUATION (x)						
P/E	112.5	197	73	22.4	19.8	15.9
P/BV	12.7	12.1	10.7	7.5	5.6	4.3
EV/EBITDA	46.6	54	34.2	14.2	12.5	10.4
EV / Revenues	9.4	8.4	6.8	4.3	3.8	3.2
Dividend Payout (%)	47.8	84.6	52.4	10.8	11.3	13.7

2. MPHASIS Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
IT Consulting & Software	Rs 1616	Buy at LTP & add more on dips to Rs 1426-1436 band	Rs 1774	Rs 1899	2 quarters

Shree Varahi Scrip Code	4503
BSE Code	526299
NSE Code	MPHASIS
Bloomberg	MPHL IN
CMP Jan 06, 2021	1616.0
Equity Capital (Rs cr)	186.5
Face Value (Rs)	10.0
Equity Share O/S (cr)	18.7
Market Cap (Rs cr)	28541.8
Book Value (Rs)	312.5
Avg. 52 Wk Volumes	366844
52 Week High	1696.9
52 Week Low	612.1

Share holding Pattern % (Sept, 2020)	
Promoters	56.2
Institutions	38.3
Non Institutions	5.5
Total	100.0

Our Take…

Mphasis on the back of its strong track record of customer centric approach is likely to benefit from vendor consolidation. The deal pipeline has increased by 75% YoY and its future outlook continues to be robust. Cloud spend has been pulled forward and has grown 3x in the deal pipeline. Mphasis is banking on the positive growth momentum in BCM (Banking & Capital market) and expects revenue conversion in Insurance on the back of a robust pipeline. Apart from this, the Direct business is expected to be a growth driver in H2FY21. Deal wins of US$ 360m in the Direct business (37% in new-generation services) is the highest ever TCV (total contract value) win reported in a quarter and Europe could come in with a strong pipeline. Deal wins crossed US$ 1bn for the first time in Q2 on TTM basis. Company has seen growth in number of large deals bagged (US$ 200mn+ TCV), with most of them being transformation-led and integrated in nature.

Mphasis has ability to win and construct large transformation deals, and looks at market share gains due to vendor consolidation, low legacy exposure given its ability to proactively win end to end digital deals, traction in Blackstone portfolio and exposure to relatively lesser impacted verticals due to pandemic. Company has not initiated any pre-emptive cost control measures and is continuing with its quarterly performance based increments.

Strong and consistent growth in Direct channel helped by mining of Blackstone portfolio companies and better times for Digital Risk business makes Mphasis one of the fastest growing IT companies despite sharp drag from the DXC business. Large deal win announcements including for Direct channel and clarity about DXC channel post MRC expiry in Sep'21 could be the triggers for the stock from hereon. Stake sale by Blackstone will be keenly watched for the price at which it will happen and also the impact of it on revenue momentum for Mphasis. Whether the new owner will bring another set of large heavyweight clients/relationships will be monitored.

Valuations & Recommendations…

Mphasis is well positioned to capture the improving growth in the technology space led by its lower exposure to impacted verticals, improved traction in deal wins, strong relationship with top customers, customer stickiness and the integrated nature of services provided to clients. Mphasis has a strong record of retaining key customers, with an average tenor of 14-15 years that provides some operating stability. Its strong deal wins, healthy balance sheet and expectation of inorganic growth could bring earning visibility in medium to long term. We think the Base case fair value of the stock is Rs 1774 (21.0x Sept22E EPS) and the bull case fair value of the stock is Rs 1899 (22.5x Sept22E EPS) over the next 2 quarters.

FINANCIALS

INCOME STATEMENT

Particulars (Rs Cr)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	FY19	FY20	FY21E	FY22E	FY23E
Total Operating Income	2435.4	2158.1	12.9	2288.2	6.4	7731.1	8843.6	9888.0	11443.0	12747.0
EBITDA	452.4	405.2	11.6	417.8	8.3	1324.0	1650.5	1731.4	2049.4	2337.8
Depreciation	60.0	58.3	2.9	59.5	0.9	75.9	231.7	240.9	240.4	242.5
Other Income	26.1	35.0	-25.5	37.7	-30.7	176.7	177.9	163.2	154.5	146.6
Interest Cost	14.8	21.7	-31.9	19.5	-24.2	17.4	81.3	61.8	61.5	61.2
Tax	104.6	87.0	20.2	101.5	3.1	333.9	330.6	349.7	426.6	493.9
APAT	299.2	273.3	9.5	275.1	8.8	1073.4	1142.4	1242.1	1475.4	1686.8
Diluted EPS (Rs)	16.0	14.7	9.3	14.8	8.7	57.6	61.3	66.6	78.2	90.5
RoE-%						20.0	20.6	20.5	22.2	22.7
P/E (x)						28.0	26.4	24.3	20.7	17.9
EV/EBITDA						21.7	17.1	16.1	13.3	11.4

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
Net Revenues	**7731.1**	**8843.6**	**9888.0**	**11443.0**	**12747.0**
Growth (%)	18.1	14.4	11.8	15.7	11.4
Operating Expenses	6407.1	7193.1	8156.6	9393.6	10409.2
EBITDA	**1324.0**	**1650.5**	**1731.4**	**2049.4**	**2337.8**
Growth (%)	**24.6**	**24.7**	**4.9**	**18.4**	**14.1**
EBITDA Margin (%)	**17.1**	**18.7**	**17.5**	**17.9**	**18.3**
Depreciation	75.9	231.7	240.9	240.4	242.5
EBIT	**1248.1**	**1418.8**	**1490.5**	**1809.0**	**2095.3**
Other Income	176.7	177.9	163.2	154.5	146.6
Interest expenses	17.4	81.3	61.8	61.5	61.2
PBT	**1407.4**	**1515.4**	**1591.8**	**1902.0**	**2180.8**
Tax	333.9	330.6	349.7	426.6	493.9
Adj PAT	**1073.4**	**1142.4**	**1242.1**	**1475.4**	**1686.8**
Growth (%)	26.9	6.4	8.7	18.8	14.3
EPS	57.6	61.3	66.6	78.2	90.5

BALANCE SHEET

As at March	FY19	FY20	FY21E	FY22E	FY23E
SOURCE OF FUNDS					
Share Capital	186.2	186.5	186.5	186.5	186.5
Reserves	5063.6	5643.1	6101.7	6793.5	7696.9
Shareholders' Funds	**5249.8**	**5829.6**	**6288.2**	**6980.1**	**7883.4**
Long Term Debt	0.0	0.0	0.0	0.0	0.0
Net Deferred Taxes	-78.6	-202.0	-202.0	-202.0	-202.0
Long Term Provisions & Others	124.7	743.0	743.0	743.0	743.0
Minority Interest	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Source of Funds	**5295.9**	**6370.6**	**6829.2**	**7521.1**	**8424.4**
APPLICATION OF FUNDS					
Net Block & Goodwill	2171.1	3022.8	3016.9	3042.5	3075.0
CWIP	1.6	7.4	7.4	7.4	7.4
Other Non-Current Assets	754.8	746.6	746.6	746.6	746.6
Total Non-Current Assets	**2927.4**	**3776.8**	**3770.9**	**3796.5**	**3829.0**
Current Investments	0.0	0.0	0.0	0.0	0.0
Inventories	0.0	0.0	0.0	0.0	0.0
Trade Receivables	955.4	835.3	948.2	1097.3	1222.3
Cash & Equivalents	1970.8	2451.4	2822.3	3363.6	4104.9
Other Current Assets	1436.0	1474.3	1511.2	1662.3	1828.5
Total Current Assets	**4362.2**	**4760.9**	**5281.7**	**6123.2**	**7155.7**
Short-Term Borrowings	542.6	571.3	571.3	571.3	571.3
Trade Payables	785.0	666.7	704.4	815.1	908.0
Other Current Liab & Provisions	666.1	929.2	947.8	1012.2	1081.1
Total Current Liabilities	**1993.7**	**2167.2**	**2223.4**	**2398.6**	**2560.4**
Net Current Assets	2368.5	2593.8	3058.3	3724.6	4595.4

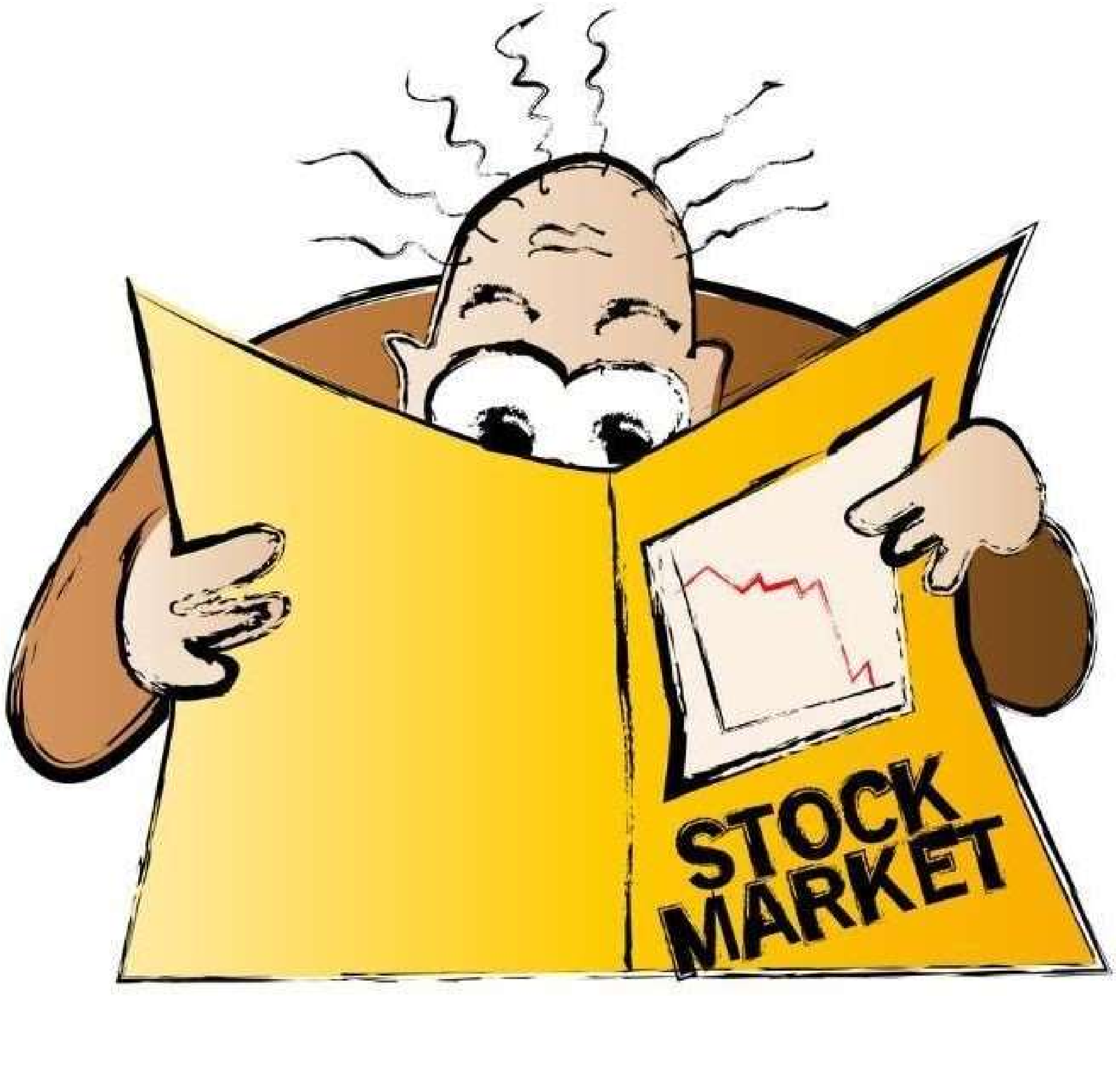
CASH FLOW STATEMENT

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
Reported PBT	1,407.4	1,515.4	1,591.8	1,902.0	2,180.8
Non-operating & EO items	-66.1	-153.4	-122.8	-139.8	-150.7
Interest Expenses	17.4	81.2	61.8	61.5	61.2
Depreciation	75.8	231.6	240.9	240.4	242.5
Working Capital Change	-142.1	42.2	-93.5	-125.0	-129.6
Tax Paid	-342.7	-396.0	-349.7	-426.6	-493.9
OPERATING CASH FLOW (A)	**949.8**	**1,321.0**	**1,328.5**	**1,512.5**	**1,710.2**
Capex	-254.5	-126.1	-235.0	-266.0	-275.0
Free Cash Flow	695.3	1,194.9	1,093.5	1,246.5	1,435.2
Investments	0.0	0.0	0.0	0.0	0.0
Non-operating income	66.1	153.4	122.8	139.8	150.7
INVESTING CASH FLOW (B)	**-188.5**	**27.3**	**-112.2**	**-126.2**	**-124.4**
Debt Issuance / (Repaid)	124.6	-22.4	0.0	0.0	0.0
Interest Expenses	-16.3	-211.0	-61.8	-61.5	-61.2
FCFE	803.5	961.6	1,031.7	1,185.0	1,374.1
Share Capital Issuance	10.4	15.1	0.0	0.0	0.0
Dividend	-1,460.4	-606.5	-783.5	-783.5	-783.5
FINANCING CASH FLOW (C)	**-1,341.8**	**-824.7**	**-845.3**	**-845.0**	**-844.7**
NET CASH FLOW (A+B+C)	**-580.4**	**523.6**	**371.0**	**541.3**	**741.2**

KEY RATIOS

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin (%)	17.1	18.7	17.5	17.9	18.3
EBIT Margin (%)	16.1	16.0	15.1	15.8	16.4
APAT Margin (%)	13.9	12.9	12.6	12.9	13.2
RoE (%)	20.0	20.6	20.5	22.2	22.7
RoCE (%)	18.2	17.4	18.0	19.8	20.5
Solvency Ratio (x)					
Net Debt/EBITDA	0.4	0.3	0.3	0.3	0.2
Net D/E	0.1	0.1	0.1	0.1	0.1
PER SHARE DATA (Rs)					
EPS	57.6	61.3	66.6	78.2	90.5
CEPS	61.6	73.7	79.5	92.0	103.4
Dividend	27.0	35.0	35.0	35.0	35.0
BV	281.4	312.5	337.1	374.2	422.6
Turnover Ratios (days)					
Debtor days	45.1	34.5	35.0	35.0	35.0
Inventory days	0.0	0.0	0.0	0.0	0.0
Creditors days	37.1	27.5	26.0	26.0	26.0
VALUATION (x)					
P/E	28.0	26.4	24.3	20.7	17.9
P/BV	5.7	5.2	4.8	4.3	3.8
EV/EBITDA	21.7	17.1	16.1	13.3	11.4
EV / Revenues	3.7	3.2	2.8	2.4	2.1
Dividend Yield (%)	1.7	2.2	2.2	2.2	2.2
Dividend Payout (%)	46.9	57.1	52.6	44.8	38.7

THIS MIGHT IMPACT INVESTMENTS



Will the Budget Save the Bulls?

The bulls are being clobbered.
Sensex 50,000 seems to have faded into memory already. The talk is about 45,000 now...or lower. The nervousness in the market has been replaced by a bit of fear and a lot of caution. Traders and investors alike are looking to the budget to save the bull market. This should strike you as odd. Budgets aren't supposed to save anyone. The Finance Minister's job isn't to save the stock market. She has more important things to do.
But that's not what the market thinks. Dalal Street is expecting a blockbuster budget. The market believes the Finance Minister herself has set high expectations with her comments on the budget. Clearly, they will be disappointed if she doesn't exceed their already high expectations.
It's no wonder the smart money has been booking profits recently.
They want to risk too much money going into the budget and have taken a considerable amount of funds of the table. This is not a bad thing. They will have cash ready to deploy when the time is right...and that could be on the budget day itself.
Here are several reasons why the market fell today.

- Nifty ends January expiry in red at 13,817.55 losing 1.17%.
- Bang on with our bearish level of 13,700-13,765, the index made a low of 13,713.25.
- The Index has reversed kissing 50DMA (Daily Moving Average) which is placed at 13,728.13.
- Bulls managed to hold 10 months rising trendline and closed above 13,800.
- The bulls have an opportunity to come back strongly as it took support at 50DEMA and a rising trendline.
- If bears want to control, they need to break 13,665 to take it all the way to 13,236 levels in the February series.

Well, we might see bulls fighting hard to protect the 13,665-13,715 zone with the big event, Union Budget 2021 ahead.

Five big Multi-Bagger Equity ideas for the year 2021

We all love multi-bagger ideas. After all, nobody is into equities to earn 12-15% returns per annum. If you look back at 2020, there have been stocks like Dixon Technologies, SRF and Adani Green, which have been absolute multi-baggers. We will not get into specific stocks but let us look at some multi-bagger themes for 2021.

Theme 1: Executing the war against COVID-19

It has been rightly said that year 2021 could be the beginning of the end of COVID. That would pre-suppose that the vaccine production, vaccine impact and its distribution could be big challenges in the year 2021. One theme for multi-baggers could be the companies that will not only address this theme but also leverage this theme to the fullest.

The simplest will be pharma companies that produce vaccines and syringes to make mass inoculation a reality. India produces 60% of the world's vaccines and at no time in recent memory have vaccine companies been at the centre of a war. You can add to that list logistics companies that handle safe movement, cold storage companies that facilitate and even last-mile networks that distribute. It could be a true blue multi-bagger theme.

Theme 2: Time to play the recovery in GDP growth

If you missed the bounce in stock prices between March 2020 and December 2020, don't lose sleep over it. The real opportunity for the growth recovery will be in 2021. As GDP growth moves from -23.6% to +11.5%, you could see a plethora of opportunities in sectors like capital goods, consumer durables, financials etc.

Here is where you can play the value game in 2021. Most of these capital goods companies are perhaps at the same price they were in 2017 or even lower. As capital investments in India and abroad pick up in a big way, these companies could see a re-rating of their profits and cash flows. Of course, banks and financials could see derived demand in such cases.

Theme 3: Second rung financials become first rung financials

For a long time, financial sector in India was about banks and few financial institutions. Then the choice widened to NBFCs and HFCs. But 2021 could see the rise of a new story in the stock markets. Insurance stocks have already gained substantially in 2020, but this could just be the tip of the iceberg. Year 2021 could see a rush for bigger life covers, larger health covers and critical illness covers. Insurers could be the blue-eyed boys of 2021.

One interesting theme in 2021 could be the big shift towards equities as investors chase returns and long-term wealth creation. We have seen the exponential growth in SIP accounts and demat accounts in the last few years. This could create multi-baggers in the form of asset management companies, depository companies, registrars and even listed stock exchanges. These could be potential multi-baggers in 2021.

Theme 4: Can Atma Nirbhar Bharat be too far behind?

As India gears up for self-sufficiency, we may have just seen the tip of the iceberg. Samsung, Maruti Suzuki and many other Asian companies are looking to de-risk their China exposure by hiving off more production to India. Even a long-time China optimist like Apple has started producing in India. This could trigger huge demand for outsourcing capacity.

But the real multi-baggers in the Atma Nirbhar story could come from the defence space. Year 2021 will see the Indian government in a dilemma. It needs to ramp up defence spending but also needs to keep budgets on a tight leash. The answer could be in-sourcing to Indian defence companies. We could see much larger defence orders being farmed out to Indian defence players; boosting their multi-bagger potential.

Theme 5: QSR Model could be the surprise package of 2021

We have seen QSR stocks like Jubilant Foods and Burger King do extremely well in recent times. Quick Service Restaurants or QSR is a business model not too well understood. The pandemic has led to a phenomenal growth in the QSR model as social distancing put severe limits on dining out. It is very likely that these restrictions will continue in 2021; partially if not substantially. In most cases, social distancing would be voluntarily rather than being imposed. Either ways, it is great news for QSRs.
There are two multi-bagger models here. The first is the QSR origination model which is the traditional food business. We may see listed restaurants and even larger hotels getting into the QSR segment in a big way. These could also be other potential winners. The unlisted facilitators like Zomato and Swiggy and a host of such players will look to front-end their IPOs. All in all, this could be an interesting multi-bagger theme for 2021.
Year 2021 could be more about specific themes and stocks than a macro approach. To that extent it will be different from 2020. However, multi-bagger opportunities will still be available aplenty. That is the good news!

PM Modi's vaccine diplomacy is an astute move helping India take leadership in the developing world

Prime Minister Narendra Modi has said more than once that he wants India to become the pharmacy of the world. One of his motives has been that the vaccine should be available at affordable prices because we're seeing how western companies sell medicines at very, very high prices. Whereas India is able to produce them at minimal costs and this is a boon for the developing world.
So in this case PM Modi has taken the initiative to supply the vaccines free of cost to some countries. I think this is a very astute, diplomatic move. Firstly, it fits in with the larger policy of reaching out to the neighborhood. In other words, part of his new local policy.

Secondly, these are all developing countries and this sends out the message that India has a strong sentiment for the developing world. So this also helps us to take a leadership of the developing world, especially at this time, which psychologically is extremely important with the menace that has become so deep and widespread that there is really great fear in society about survival.
The competition in a sense is with China. Now, China is responsible for this virus and they have also entered the market with its own medicine and vaccine. They are supplying them to some countries, including Pakistan. So the Chinese are supplying medicines against a pandemic that they themselves are responsible for. So in that sense, it helps us to balance what China is doing quite effectively.
Apart from the immediate neighbourhood, we are also supplying medicines to nations part of BRICS. We have supplied these vaccines to Brazil and the Brazilian ambassador here has very generously commented on this. So this is also in a sense goes beyond the immediate neighborhood. Brazil, of course is a semi-developed country.
It is encouraging to see India engaging with all countries in terms of offering collaboration and the development of vaccines.
Now, with regard to what else India can do, one will recall that India had sent doctors and medical personnel and nurses to the Gulf countries as part of efforts to show solidarity with these countries, even while we were engaged in controlling the virus. We developed ventilators, we developed these PPE kits on our own. We reduced our dependence on imports essentially. And I must say that this was handled in a very organised, effective way. Despite all the imagery we have of being unorganised, undisciplined, whatever else, when it comes to crisis, we are able to handle it and manage it much superiorly than Western nations.
Of course one can see that it was not without losses, but in terms of the challenge we have, I think we've done much better than the developed countries. There was no background expertise in handling these matters and relying on past experience, no precedence. So it was also a kind of an effort to develop new ways of tackling something.

China's richest man Zhong Shanshan is an oddball in the world's richest club

Following its successful listing on the Hang Seng, Nongfu Spring founder Zhong Shanshan has emerged rather surprisingly as China's richest man. What makes the event unusual is that his company is neither a tech giant nor a pharma major nor even a retail behemoth. Its principal product, bottled water, is as mundane as it gets and hardly unique in any way.

Nongfu also produces bottled tea and juices but the real success comes from the millions of bottles of clean water it sells through its vast and hugely efficient distribution network to discerning Chinese customers wary of tap water in a country that has witnessed major incidents of pollution in its rivers.

Nearly 25 years ago, Ramesh Chauhan launched bottled mineral water in India under the Bisleri brand name. The circumstances then were similar and Chauhan went on to make millions from the business, but while highly profitable, it wasn't enough to carry him to the top of the rich league.

Zhong's achievement, even if it is likely to be short lived, confers on him the unique distinction of being the only one from this business to be a country's richest person. That China's richest person would be into a business like bottled water is itself an oddity but a look at the others from each country shows that it isn't an exception.

It is possible to see some patterns as well as spot outliers like Zhong. Of the 72 major countries on the map created by the site (with data as of April 2020), the largest number were clubbed under the category of diversified. Unfortunately that doesn't really reveal much except that these billionaires certainly don't believe in sticking to their core competence but have been happy to take advantage of any and every business opportunity that has come along. There may also be some significance to the fact that the three richest continents, North America, Europe and Oceania account for only five of the 16 in this diversified list.

Not surprisingly, the next biggest chunk, 13 in number, is from finance & investments but again the spread isn't uniform. Thus while four of the seven richest among South American countries have finance & investments as their main business, only one of the 22 countries in Asia, Indonesia, has its richest person in this category.

Fashion & retail, the next highest in the list isn't a surprise with as many as nine of the countries' richest people making their billions from this sector. Expectedly, Europe with six, accounts for the bulk of the numbers in this category. Even the countries are predictable - Sweden, France, Spain, Germany, Monaco and Denmark. You would have expected Italy to be in this list if not dominate it but the country's richest person Giovanni Ferrero is into his family business of food & beverages which churns out the well-known chocolate brand.

The remaining three are scattered across Asia, South America and Africa where billionaire Nathan Kirsh of Eswatini (formerly Swaziland) has built a billion dollar fortune thanks to his holding in the New York-based Jetro Holdings, which owns restaurant supply stores Jetro Cash and Carry and Restaurant Depot.

Metals & mining is the next highest category with six representatives. Even a cursory look at the names of the countries shows why that should raise no eyebrows. Russia, Kazakhstan, Ukraine, Australia and Chile are rich in mineral wealth and their biggest billionaires reflect that.

The shocker is that despite the fact that we live in a world so dominated by technology only four countries have their richest persons from the sector, seven if you include telecom. Even that number should go down by one if you take out Jeff Bezos whose business is funnily listed as technology when retail would be a more appropriate classification for Amazon.

Significantly, just four of the billionaires on the list have their fortunes rooted in manufacturing and energy and that includes India's richest person. Even a few decades ago one would have expected the maximum number from these two critical sectors. But in a clear sign of the changing nature of global business, energy is no longer the biggest driver of the global economy and manufacturing isn't as lucrative either.

FPIs net buyers at Rs 14,649 crore in January

Foreign portfolio investors (FPI) have remained net buyers to the tune of Rs 14,649 crore in Indian markets in January, amid availability of global liquidity and emerging markets being a preferred destination for foreign funds.
According to FPI statistics available with depositories, overseas investors pumped in a net of Rs 19,473 crore into equities but pulled out Rs 4,824 crore from the debt segment between January 1 and January 29.

The total net investment in January stood at Rs 14,649 crore.

"Excess liquidity in the global financial markets with central banks and governments worldwide announcing stimulus measures to support their dwindling economies, made its way into the emerging markets with India too benefitting from this trend."
Due to uncertainty regarding the budget proposals, FPIs have been a bit apprehensive about the direction of the market going ahead and, therefore, they have seen selling in the past few days.

He further noted that India has been one of the highest recipients of FPI funds among emerging markets in November and December which played a significant role in pushing the Sensex to record 50,000 levels.
"Given the uncertainty surrounding the Budget, FPIs would have preferred to book some profit at these levels".
"Countries like South Korea and Taiwan have seen month-to-date FPI outflows of $5.3 billion and $3.4 billion, respectively".
Countries like India and some of the oil-producing nations can still expect positive FPI flows in the medium term, he further added.

He added that in the longer term, India continues to remain an attractive destination for investment among emerging market. It has been validated by the FPI inflows into the country in 2020, a year when nearly all other emerging markets saw only outflows.
On the domestic front, the focus is on the Union Budget and the measures that the government announces to accelerate the economic growth in the country.

Budget 2021 a chance to open up, promote avenues to enhance domestic operations

It is not unusual for people to have a heap of expectations from the budget and it is more so after a year of extreme economic distress, job losses, and demand destruction. The government and the Reserve Bank of India initiated several measures to combat the adverse economic conditions. This resulted in an infusion of more funds into rural employment programmes, targeted sectoral measures and ample liquidity in the interbank market, lower interest rates and an easy money policy.
The economy is showing early signs of recovery and what is important is that we need to sustain this rebound in economic activity. The measures that may be announced in the budget would have an accent on supporting and sustaining this recovery.

It was also a year of record government borrowings, both by the Centre and state governments. In the normal course, we should expect normalisation after a difficult year. The budget will have to continue with quite a lot of measures that were introduced in the wake of the pandemic.

The budget is expected to spell out the glide path to fiscal consolidation, after a year of avoiding the deficit norms. Governments across the globe resorted to spending to give a boost to their economies and our government did the same. Nobody is going to penalise us for this but how we establish normalcy will be watched keenly not only by domestic players but probably, more eagerly, by overseas investors. If government borrowing is somewhere close to the last five year's average, plus or minus 5 to 10 percent on the gross borrowing, it may not matter much to the government in terms of the future cost of borrowing. However, if it exceeds, then it may have some impact on the long- end yields.

The government borrowing programme was managed by the RBI extremely well, without any ripples seen in the marketplace. Compared to the year gone by, the government borrowings are most likely to be on the lower side for the next year, as the last year was an exception with large borrowing due to peculiar conditions.

The consumption side stimulus measures were never addressed in a comprehensive manner in the last few years and this may receive some attention this time with some amount of concessions for those working from home. There could also be some limited liberalisation in the tax slabs like taking the exemption limit to Rs 5,00,000 from Rs 2,50,000. These may be the only tax measures that can be done as the space for major modifications has shrunk after the introduction of the goods and services tax.

Incentives for exports is one of the things that should get good attention. This assumes great importance from the point of view of self-reliance and indigenisation that we have set up as one of the guiding principles. This is one of the ways in which the Chinese economic invasion can be contained over a longer time period. This will involve product substitution domestically and also offering products to those countries who buy goods from China at competitive rates. Invoicing in the local currency and incentives which help firms to make gains despite selling their products at cost are extensively used in China. Manufacturing and employment will get a boost from this. An aggressive approach to export promotion, or at least the broad indications of the stance, is worth expecting from the budget.

It will be interesting to watch how the disinvestment plan is going to be pursued, given the fact that it has not generated desired results so far. The current fiscal year has been difficult as priorities have been different and there may be one or two deals that have been in the works and which could change the whole scenario.

The other significant thing that one may look out for is the thrust on infrastructure, especially enhancing storage, warehousing, cold chains, etc. is key to developing vegetable and fruit preservation, food processing and also incidental exports.

The budget has to open up and promote many avenues to enhance the scale of domestic operations to a much higher level. This may call for higher FDIs as well in select sectors and activities. Continuity and consolidation, with essential innovation, is the desired outcome of the budget this year.

GameStop's 'Reddit rally' puts scrutiny on social media forums

Social media services including Facebook Inc and Reddit restrict discussions about weapons, drugs and other illegal activity, but their rules do not specifically mention another lucrative regulated good: stocks.

Some people think they should. Users of a Reddit group, in which 5 million members exchange investment ideas, generated significant profits by gorging on shares of GameStop Corp and other out-of-favor companies that had been shorted by big hedge funds.

Investors have used social media for years. Anonymous posts have fueled cryptocurrency pump and dump schemes, according to studies, but that obscure market generated less scrutiny. The “Reddit rally” however, has roiled global stock markets and drawn scrutiny of posts in which thousands of smaller investors trade tips on platforms from Facebook to Instagram to Telegram and Clubhouse.
Individual investors won praise from elected officials and the general public for jabbing powerful hedge funds with a “short squeeze.” Yet critics have emerged, accusing social media users of manipulating markets unlawfully by pumping shares of weak companies. The manager of one Facebook trading community said she has turned down requests to tout individual stocks.
Social media companies are generally not liable for user activity under a statute commonly known as Section 230. Still, their rules bar illegal behavior like facilitating gun and drug transactions or distributing offensive content that could rile advertisers or generate calls for tighter regulation.

Section 230 also has some carve-outs that in theory could lead to a tech company being penalized for user-generated content, including violations of federal criminal law, said Jeff Kosseff, a cybersecurity law scholar who wrote a book on the law.
He noted that the bar is high. The speech itself would need to be a criminal violation of a law that explicitly specified distribution of that speech as illegal.
In addition, First Amendment precedents typically hold that the companies must have knowledge of criminal speech posted on their platforms in order to be held responsible for it.
The stock trading forums appear to be “purely legal behavior: irrationally exuberant buying by amateur investors.”
Prosecuting users for deceiving investors is tough but possible, Berkeley law professor Stavros Gadinis, adding that social media companies should have the same ability stock market operators do to intervene to stop alleged manipulation.
Identifying bad actors among the frenzy is a challenge. “There’s all of these feedback loops and incentives behind the scenes”. “We don’t know exactly who was in the crowd.”
The vast majority of traffic on Stocktwits, a social media platform for investors, appears to be people talking about stocks without evidence of manipulation. He said the platform was not taking any extra moderation actions on this activity.

Gray Area

Although Reddit has stated platform-wide rules - including no illegal content or soliciting or facilitating illegal transactions - the service relies heavily on community-based moderation. Users who act as moderators make and enforce guidelines about what is permissible.
The founder of the WallStreetBets Reddit community Jaime Rogozinski, who was a moderator of the group until April 2020, said he tried to draw lines on what to allow. He said he and other moderators removed illegal attempts to game the market, such as claiming to have insider information.
“You’d have attempts for pumping up stock and I still to this day am not sure what the regulation was, but I never wanted to find out".
Archived copies of the forum showed a ban on “market manipulation” topped its list of rules by April last year. The current moderators said they struggled to moderate the WallStreetBets group as traffic surged, briefly causing technical errors at Reddit this week.
A spokeswoman said earlier this week that Reddit would “review and cooperate with valid law enforcement investigations or actions as needed.”
Discord, which hosts many trading discussions, said its rules bar users from engaging in “any illegal behavior.” Discord on Thursday said it was working with the “Wallstreetbets” room team to moderate its new server, after removing the previous server over hate speech and misinformation. It did not address stock market influence.

A lack of closer scrutiny on the matter has left open the opportunity for potential manipulation. Former Merrill Lynch financial adviser Cassandra Cummings, 47, who now manages 80,000-member Facebook trading group The Stocks and Stilettos Society, said she declined multiple requests in the last year to rally her group around a specific stock.

Budget 2021 | Government should reduce compliance requirements for startups up to a certain review threshold

Fintech has been a strong lever for financial inclusion in India. Over the last couple of years, Fintech businesses have played a crucial role in expanding the markets, especially digitizing some of the archaic processes across financial services.
UPI (Unified payments interface) is one such initiative that has put India on a global map and many of the developed economies are still trying to emulate this initiative. Out of 900+ startup deals and $11.5 billion total funding raised in 2020, fintech topped the chart with $2.1 billion worth of funding across 131 deal counts (Source: Inc42 Plus Annual Indian Tech Startup Report 2020.) I would not be surprised by 2025, if we have a FinTech NIFTY Index trading on the stock markets actively.

KYC is the first step in the customer's journey of accessing financial products. I would request the finance ministry to initiate a simple and 'onetime - lifetime KYC for all financial services based on either Aadhar or PAN. KYC completion for a bank account should be considered sufficient to buy mutual funds, equity, insurance, or any other financial products. The recent rally of the indices has been powered by FII inflows. It is imperative that we build a strong domestic capital base. Equity markets are subject to Long-term capital gains (introduced a couple of years back), surcharge, cess, and STT. There is a strong need for rationalization here in order to channel domestic savings towards capital markets. Tax treatment on investments should be treated on a level playing field, irrespective of the underlying instrument. For e.g. ULIPs and mutual funds are taxed differently in the current regime. Overall, there is a need for simplification of the tax treatment of investments; currently, there is a lot of complexity for an average investor such as different slabs for different types, grandfathering, etc.
Insurance/protection has always been a recommended instrument in the financial planning process. However, most consumers still confuse insurance with investment and end up purchasing life insurance policies with inadequate life cover. Hence, a separate section for term insurance outside Section 80C should be created to incentivise taxpayers to buy term policies and thereby, get adequate life cover.

Access to affordable credit is primary to the growth of the economy. Fintech lenders can play a huge role in expanding credit in collaboration with banks and NBFCs; however, the government needs to provide stronger liquidity support to the fintech lenders. The government should also encourage banks to partner with fintech lenders on a co-lending/risk-sharing basis.
Fintech companies also tend to be startups. The government should reduce the compliance requirements of startups up to a certain review threshold. A robust capital raising environment is essential. Angel tax issue continues to be around; the government should repeal the clause once for all. While there has been a hint of overseas listing, the government should notify the detailed guidelines soon. Most of the capital is currently from foreign venture capital firms; there is a need to create a domestic capital pool for funding startups. This requires changes such as removal of surcharge on the sale of unlisted securities, certain tax exemptions for investments into startups through AIFs, etc.

Finally, the government should push for fintech companies to be able to access product manufacturing licenses, of course, with checks and balances. India can be at the forefront of creating truly digital banks, insurance companies, and asset management companies making innovative products and expanding markets.

Nine of 10 most valued firms take over Rs 3.96 lakh crore hit in market cap

The combined market valuation of nine of the top 10 valued domestic companies eroded by a whopping Rs 3,96,629.40 crore last week in tandem with a weak broader market, where Reliance Industries Limited (RIL) took the biggest hit.
In the last week, the 30-share BSE benchmark tumbled 2,592.77 points or 5.30 percent due to profit-booking ahead of the Union Budget.

Only ICICI Bank managed to witness addition in its market valuation the holiday-truncated last week. Its valuation rose by Rs 2,397.43 crore to Rs 3,70,773.35 crore.
Reliance Industries accounted for the lion's share of the total loss. Its valuation tumbled Rs 1,30,909.45 crore to reach Rs 11,68,454.02 crore.
The market capitalisation of Tata Consultancy Services (TCS) tanked Rs 71,482.92 crore to Rs 11,68,079.84 crore and that of Infosys plunged Rs 42,936.43 crore to Rs 5,28,040.02 crore.

TCS had on Monday surpassed RIL to become the country's most valued firm by market capitalisation. But on Friday RIL once again went past TCS to take the coveted title.
HDFC's valuation declined Rs 38,083.07 crore to Rs 4,28,040.72 crore and that of Hindustan Unilever Limited dived Rs 34,150.8 crore to Rs 5,31,798.56 crore.
The market capitalisation of HDFC Bank eroded by Rs 28,894.3 crore to Rs 7,66,218.59 crore and of Kotak Mahindra Bank dipped by Rs 23,320.13 crore to Rs 3,39,345.13 crore.
The valuation of Bajaj Finance declined by Rs 13,949.9 crore to Rs 2,85,382.35 crore and that of Bharti Airtel by Rs 12,902.4 crore to Rs 3,01,801.43 crore.

In the ranking of top-10 companies, Reliance Industries was leading the chart followed by TCS, HDFC Bank, Hindustan Unilever Limited, Infosys, HDFC, ICICI Bank, Kotak Mahindra Bank, Bharti Airtel and Bajaj Finance.

Budget 2021: Retail investors look for benefits of indexation to beat inflation on investments

In a year, when the government had to pump in Rs 20 lakh crore stimulus, RBI had to intervene to boost liquidity in the market and the fiscal deficit which was estimated at 3.5 percent of GDP is now expected to surge to 7.5 percent of the GDP instead, at such unwonted times presenting the budget has to be a far more challenging task than anticipated.
By November of 2020, the Centre's fiscal deficit had already crossed 33 percent over the full year's Budget Estimates (BE). Tax revenue collection stood at 42.1 percent of BE as compared to 45.5 percent of BE during the corresponding year, while non-tax revenues stood at 32.3 percent of BE as compared to 74.3 percent of BE 2019-20 in the corresponding period of last fiscal.

With plunging revenues, surging unemployment, and growing fiscal deficit, the challenge for the finance minister in the upcoming budget is way beyond capacity and comfort zones. On the brighter side, India's economy is showing strong signs of resilience by bouncing back to recovery far more briskly than other economies. These growth spurts are seen in the record-high December 2020 tax collections, burgeoning foreign reserves, and an 80 percent drop in COVID-19 cases.

Prioritizing Expenditure

The government's priority spending is likely to focus on the development of healthcare infrastructure to maintain the low levels of COVID-19 cases and additionally support the seamless distribution of the vaccine across the expanse of land. From a manufacturing standpoint, the approved PLI scheme (rolled out in mid-2020) under Atmanirbhar Bharat Abhiyan has reduced India's dependence on imports, specifically China, it has catapulted product manufacturing in domestic units and is catering to the employment of labour forces in India.
10 labour-intensive sectors will benefit from this reform. Even the real estate sector is witnessing a turnaround with wealthy investors investing their surplus gains from the booming stock markets into physical assets.

Backing Growth

The way ahead to put India back on its growth trajectory is to increase spending, both by the government and taxpayers. Investments in infrastructure must be a priority for the government. While on the flip side, clearly, the government needs to put more money in the hands of taxpayers and consequentially increase the standard deduction.
Take for instance real estate, the reduction on stamp duty charges, and the rebate on the premium collected for construction of all housing projects has given the sector its much-needed boost with investors flocking to lap up unsold inventory at the first opportunity.
Similarly, further reforms of allowing limitless income tax deductions against home loan interest payments or a reduction on the capital gain tax, while lifting the ban on subvention schemes and permitting external commercial borrowing by the sector could be further steps to empower taxpayers to invest while further elevating the growth of the sector.

Taxes & Indexation

To maintain steady growth in the markets the government needs to nudge investors to stay invested for the long-term. What investors look for are the benefits of indexation to beat inflation on investments, where investors are taxed on the real value of their investments. Hence, instruments like gold, debt funds, and real estate are preferred investments as they offer indexation benefits, unlike equity funds.
Additionally, the tax exemption under LTCG is limited to Rs 1 lakh in a financial year, while LTCG is taxed at 10 percent without indexation benefits. This encourages investors to take the easier route and book profits each year, which contradicts the government's requirement to encourage long-term investments. The incoming budget should consider including equity funds under the indexation umbrella while also reforming the taxation burden on LTGC for retail investors.

Retirement Savings

This budget should encourage long term savings as normal Indian retirement planning continue to be in dire state though push on NPS is step in right direction but more long term savings with tax benefits and exemptions should be encouraged.

The current budget is an opportunity for the government to bring in significant reforms and direct India's growth in the right direction. While we wait with bated breath for some signs of relief, let's hope India comes out stronger and progressive in a post-pandemic world.

These 9 tenets of investing have and will always work in volatile markets

Stock markets can be irreverent and volatile. They can also be respectful to investors and hold the key to financial stability and growth. It is said that sometimes markets don't really create wealth for years and then suddenly in a short period of time, they create wealth that surpasses expectations. Something similar happened in the Indian markets recently when the benchmark Sensex crossed the 50,000-mark for the first time.
While the recent correction is turning investors overcautious, it has been a long journey for the Sensex from a base value of 124 in April 1979 to 50,000 in January 2021. The compounded annual growth over this 42-year period has been 15.9 percent.

From 1990, when it hit 1,000, the Sensex has witnessed a CAGR of 13.5 percent. However, as any stock market veteran will tell you, this journey has been long and arduous, checkered with volatility and intermittent losses that birthed from political instability, national security, economic slowdown, global events and stock market scams.
The benchmark's recent ascent underscores the true nature of stock markets. After tumbling to a low of 25,638 on March 24, 2020, the Sensex nearly doubled in approximately 207 sessions to cross the 50,000-mark.
As an investor, you either hit the bull's eye or you miss it. The key question is, "What to do next"? Well, without resorting to crystal gazing, it might be worthwhile to revisit certain investing tenets that have held strong over the decades and can help you benefit from future rallies.

1) In a faceoff between "**time in the markets"** and "**timing the markets"**, only time in the markets can consistently win. Do not expend your energy in trying to find the best time to enter or exit the market. Instead, find the right investment and stay invested over market cycles.
2) **Knowledge is your best investment**. In any field, as in life, there is no substitute for knowledge. Make an effort to learn and understand at least the basics of investing and portfolio building. For the gaps in your knowledge, find trusted and expert advisers who can guide you in your wealth-building journey.
3) **Don't wear your emotions on your sleeve**. It is well known that people make sub-optimal decisions when they are in an emotional state of mind. This is true for investment decisions as well. Do not let your emotions and behavioural biases come in the way of making optimal investment decisions.
4) **Always maintain diversified portfolios**. Nobody is right all the time. The same way, no asset class will perennially generate positive returns. You must build a diversified portfolio spread across multiple asset classes and investment types, so that a single investment cannot have an inordinate impact on your overall portfolio risk and return. Diversification helps you ride out the bad times and benefit from the good times.
5) **Discipline is your brahmastra**. If there is one thing that can help your overcome the volatility of equity markets, it is investment discipline. You can know all the rules and get the best advice but if you do not follow these in a disciplined manner, you will never be able to truly harness the power of equities.
6) **Don't let greed or fear guide you**. We are human beings and are influenced by greed and fear. Greed encourages us to make investments that might not be good for us and fear keeps us away from making investments that could be great for us. In both cases, it becomes a lose-lose situation for us.
7) **Adhere to your asset-allocation strategy**. Asset allocation compartmentalises your portfolio so that the weakness of one asset class does not seep into another asset class. An asset allocation strategy is created after taking into consideration your unique risk-return profile. Its sole purpose is to ensure that your portfolio is able to deliver the expected risk- adjusted returns. This will only be possible if you follow it assiduously.
8) **Never compromise on quality**. In the world of investing, quality trumps everything else. Sometimes the valuations are compelling and sometimes they are not. Sometimes the expected earnings growth is strong and sometimes it is weak. These variables can change. However, something that will always hold you in good stead is quality. If you invest in quality businesses, you will seldom go wrong.
9) **The market is your guru**. Respect what the market is telling you. Understand the undercurrents. The idea is not to just beat the markets rather it is to preserve and protect your wealth and grow with the market.

'Beyond GameStop, AMC, Nokia and Blackberry have also seen a retail mob rallying their prices up'

Traditional investors make money by buying low and selling high. Short-sellers make money by selling high and buying low - in that order.
A short bet is when you believe that a stock is overpriced and its value should correct (and fall). If you think so, you will borrow it from someone who owns the stock and sell it in the market. When it falls, you can repurchase it and give it back to the lender of the stock.

This phenomena is bittersweet and can be very risky. The most amount you can make is the value you sold it at (shorted it at). This would happen if the stock price went to zero.
However, if the stock rallies, your losses are uncapped. If you shorted it at Rs. 100 / share, you can only make a maximum of Rs. 100 when it goes to zero. If it rallies and heads to say Rs. 400 / share, you have a loss of Rs. 300.
One mustn't be faint-hearted in approaching this strategy.

We've seen many very public and storied famous shorts in recent years. The movie, The Big Short, was based on betting that the housing market would collapse across 2007-2008, based on the overpricing of housing value during that time. It resulted in exceptional investment gains for a few managers - notably John Paulson, who many believe made the greatest trade ever through the tumultuous times.
In 2013, Bill Ackman of Pershing Square and Carl Icahn of Icahn Enterprises, both revered fund managers and billionaires, had a very public fight on Herbalife. Ackman was very publicly short Herbalife, calling it an illegal pyramid scheme and Icahn buttressed Herbalife by making a sizable investment. Icahn won that battle with over $1bn in profits.
Whenever new PlayStation and Xbox consoles are released, thousands of customers flock to the nearest GameStop store. But as technology advances, store-based purchases are being relegated to the background.
It’s no surprise, therefore, that GameStop’s market-cap had been steadily dropping. Gamestop is a video game, consumer electronics, and gaming merchandise dealer. Even as videogame publishers reported a massive surge in sales as people stayed home, GameStop’s store sales had been dropping. The company has lost nearly 90% of its market value since the launch of the Xbox One and PS4. In 2020, GameStop shut over 462 stores (783 store closures in the last two years).
In August 2020, Chewy’s co-founder Ryan Cohen bought a 9% stake in GameStop and implored its board to undertake a dramatic strategy shift. Last quarter, online channels accounted for about 20% of GameStop’s total revenue. The company inked a deal with Microsoft, which will give it a cut each time a user downloads a digital-only product from store-purchased Xbox.
However, some hedge funds believed that the prospect for GameStop wasn't bright. They placed shorts on the stock expecting it to fall, given its high retail footprint.
One Reddit user had been religiously following GameStop for over a year and noticed that it had strong financial positions, which seemed unwed from its stock price of USD 2-4. The reason was intense short pressure on the stock. He corralled the Reddit board for investment enthusiasts, WallStreetbets, to join in on his war against the shorts. Michael Burry, of The Big Short fame, also invested after him. The stock slowly began to rise.
However, if the stocks were bought for cash, the rise may not have been as meteoric — many bought options. To hedge options, the market makers need to buy the underlying stock, contributing to the rally. If some were short the stock, they'd need to cover it by buying the stock. This fuelled the rally evermore.
The apathy against hedge fund managers became quite public. Influential names such as Elon Musk and Chamath Palahapitiya joined in on pushing GME up. Tesla had been a short sellers’ favourite till recently. Elon doesn't have much love for them.
The short interest was over 100% of the total market cap. The short sellers were expecting the stock to go bankrupt and never having to cover the short.
Melvin was bleeding, but it didn't budge. On Monday, it took an additional USD 2.75bn. By Wednesday, it closed out its short, adding to the rally.

On Thursday, many brokerage houses in the US stopped the purchase of GameStop shares, resulting in a public outcry against the measure and a natural fall in the stock price. Investors were only allowed to sell their positions.
Beyond GameStop, the cinema chain AMC, Nokia and Blackberry have also seen a retail mob rallying their prices up.
In India too, we've seen a fair interest on GameStop. The drama around the stock and the story received equitable interest. However, it is still early days for a sizable part in the US markets speculative play. Note that the movements can be very sudden.
At Winvesta, we've observed that the first set of investors were dabbled in Gamestop on the 9th of December when we'd carried out the Winvesta Crisps story on the stock's fundamentals. It was barely the sensation it became over the last two weeks. The stock price was less than USD 17.
In recent days, we've seen more investors pile into the stock, a 7x increase compared to the last few weeks. However, we were encouraged to see that these transactions' size is small - as if to dip their toes.
We visibly avoid very low priced stocks for the excessive speculative nature these may attract. Not all brokerages have fractional shares. This does rally up low priced penny stocks during speculative behaviour.
As India discovers investments in the rest of the world, we can expect our engagement with the world significantly increase and play a more significant role in the good, the bad and the ugly.

The Silicon Valley startup that caused Wall Street chaos

The online trading app Robinhood became a cultural phenomenon and a Silicon Valley darling with a promise to wrest the stock market away from Wall Street's traditional gatekeepers and "let the people trade" — making it as easy to put millions of dollars at risk as it is to summon an Uber.
This past week, in the middle of a market frenzy pitting amateur traders against hedge fund bigwigs, that veneer began to chip. As it turned out, Robinhood was at the mercy of the very industry it had vowed to upend.

The frenzy morphed into a crisis when legions of armchair investors on Robinhood, who had been buying up options and shares of GameStop, a video game retailer, enlarged those bets and also began making big trades in other stocks, including AMC Entertainment.
As the trading mania grew, the financial system's risk reduction mechanisms — managed by obscure entities at the center of the stock market called clearinghouses — kicked in on Thursday, forcing Robinhood to find emergency cash to continue to be able to trade. It had to stop customers from buying a number of heavily traded stocks and draw on a more than $500 million bank line of credit. On Thursday night, the company also took an emergency infusion of more than $1 billion from its existing investors.
A highflying startup suddenly looked a lot like an overwhelmed, creaky company.

"From a marketing standpoint they position themselves as new, innovative, cool". "What I think everyone is missing is, when you peel the onion back they are just a heavily regulated business."
Robinhood's distress follows a familiar narrative: A Silicon Valley company that promised to disrupt an industry ends up being overcome by the forces it unleashed and has to be reined in by regulators, or in this case, the industry it promised to change. Its arc is not all that different from Facebook and Google, which changed the ways in which billions of people socialize and search for information, but are now caught in the cross hairs of lawmakers and an angry public.
"They were trying to change the rules of the road without understanding how the road was paved and without any respect for the existing guard rails." "It ended up creating risk for their customers and systemic risk for the market more broadly."
The fiasco will almost certainly have consequences for the company. The Securities and Exchange Commission said on Friday that it would closely review any actions that may "disadvantage investors or otherwise unduly inhibit their ability to trade certain securities." Lawmakers on both sides of the aisle called for hearings over complaints that customers were shut out of trades.

After Robinhood limited some trading on Thursday and the price of the stock plunged, furious users flooded online app stores with vitriolic reviews, with some accusing Robinhood of doing the bidding of Wall Street. Others sued the company for the losses they sustained. Robinhood's continuing vulnerability, even after raising $1 billion, became clear on Friday when it restricted trading in more than 50 stocks.

"It was not because we wanted to stop people from buying these stocks". Rather, the startup said, it restricted buying in volatile stocks so that it could "comfortably" meet deposit requirements imposed by its clearinghouses, which it noted had increased tenfold during the week.

None of this seems to be slowing down its growth. Even as Robinhood's actions angered existing customers, it was winning new ones. The app was downloaded more than 177,000 times on Thursday, twice the daily download rate over the previous week, according to Apptopia, a data provider, and it had 2.7 million daily active users on its mobile app that day, its highest ever. That's more than its rivals — Schwab, TD Ameritrade, E*Trade, Fidelity and Webull — combined.

All growth, few guardrails

Controversy is not new for Robinhood.

The two Stanford classmates who created the company in 2013 said from the beginning that their focus was on "democratizing finance" by making trading available to anyone. To do so, the Menlo Park, California, company has repeatedly employed a classic Silicon Valley formula of user-friendly software, brash marketing and a disregard for existing rules and institutions.

Online brokers had traditionally charged around $10 for every trade, but Robinhood said that customers of its phone app could trade for free. The move drew in hordes of young investors.

In building its business, the company disregarded academic research showing how frequent, frictionless trading generally does not lead to good financial outcomes for investors. The risks to customers became clear last summer when a 20-year-old college student's suicide note blamed a six-figure trading loss for his death.

Robinhood also popularized options trading among novices. An option is generally cheaper than buying a stock outright, but has the potential to lead to much bigger and faster gains and losses, which is why regulators and brokers have traditionally restricted trading in these financial contracts to more sophisticated traders.

Robinhood's marketing, meanwhile, papered over the fact that its business model, and the free trading, were paid for by selling customer's orders to Wall Street firms in a system known as "payment for order flow." Big trading firms like Citadel Securities and Virtu Financial give Robinhood a small fee each time they buy or sell for its customers, typically a fraction of a penny per share. These trading firms make money, in turn, by pocketing the difference, known as the "spread," between the buy and sell price on any given stock trade, and the more trades they handle, the greater their potential revenue. Many other online brokers rely on a similar system, but Robinhood has negotiated to collect significantly more for each trade than other online brokers, The New York Times has found.

The mismatch between Robinhood's marketing and the underlying mechanics led to a $65 million fine from the SEC last month. The agency said that Robinhood had misled customers about how it was paid by Wall Street firms for passing along customer trades.

Robinhood has also run afoul of regulators as it rushed to release new products. In December 2018, the company said it would offer a checking and savings account that would be insured by the Securities Investor Protection Corp., or SIPC, which protects investors when a brokerage firm fails.

But SIPC's then-chief executive said he hadn't heard about Robinhood's plan, and he pointed out that the SIPC doesn't protect plain-vanilla savings accounts — that would be the job of the Federal Deposit Insurance Corp. It took almost a year for Robinhood to reintroduce the product, saying in a blog post that it "made mistakes" with its earlier announcement.

"They went in trying to make big splashes and they often had to get reeled back in".

The clash with Wall Street

Robinhood's ambitions and amateurism collided in recent weeks as small investors, many of them on a mission to challenge the dominance of Wall Street, used its free trades to push up the stock of GameStop and other companies. Rampant speculation on options contracts helped drive the rise of GameStop's shares from about $20 on Jan. 12 to nearly $500 on Thursday — a rally that forced Robinhood to hit the brakes on its own customers.
One institution that tripped up Robinhood this past week is a clearinghouse called the Depository Trust & Clearing Corp. Owned by its member financial institutions including Robinhood, the DTCC clears and settles most stock trading, essentially making sure that the money and the shares end up in the right hands. (Options trades are cleared by another entity.)
But the DTCC's role is more than just clerical. Clearinghouses are supposed to help insulate a particular market from extreme risks, by making sure that if a single financial player goes broke, it doesn't create contagion. To do its job, the DTCC requires its members to keep a cushion of cash that can be put toward stabilizing the system if needed. And when stocks are swinging wildly or there's a flurry of trading, the size of the cushion it demands from each member — known as a margin call — can grow on short notice.
That's what happened on Thursday morning. The DTCC notified its member firms that the total cushion, which was then $26 billion, needed to grow to $33.5 billion — within hours. Because Robinhood customers were responsible for so much trading, Robinhood was responsible for footing a significant portion of the bill.
The DTCC's demand is not negotiable. A firm that can't meet its margin call is effectively out of the stock trading business because DTCC won't clear its trades any more. "If you can't clear a trade, you can't trade a trade," said Robert Greifeld, the former chief executive of Nasdaq and current chairman of Virtu Financial. "You're off the island. You're banished."
For veteran players like Citadel Securities and JPMorgan Chase, generating additional hundreds of millions of dollars on short notice was not a problem. But for a startup like Robinhood, it was a mad scramble.
While it cobbled together the needed cash from its credit line and investors, Robinhood limited customers from buying GameStop, AMC and other shares. Allowing its investors to sell these volatile stocks — but not buy them — reduced its risk level and helped it meet requirements for additional cash.
Ultimately, the company succeeded in pulling together roughly $1 billion from some of its existing investors, including the venture firms Sequoia Capital and Ribbit Capital. As a sweetener, Robinhood issued special shares to those investors that will give them a better deal when the company goes public, as early as this year.

But the quick deal left more than one observer scratching their heads.
"How does an online broker find itself in need of an overnight infusion of a billion dollars?" asked Roger McNamee, a longtime investor who co-founded the private-equity firm Elevation Partners. "There's something about this that says somebody is really scared about what's going on."

Dalal Street Week Ahead: Here are 10 key factors that will keep the traders busy

The market plunged more than 5 percent in the week ended January 29, the biggest weekly fall since March last year as foreign investors sold shares on caution ahead of Union Budget. Global mood was also weak as lockdown to control COVID-19 infections may delay the economic recovery and speculative activities in the US market.
The BSE Sensex fell 2,592.77 points or 5.30 percent to 46,285.77 and the Nifty50 corrected 737.30 points or 5.13 percent to 13,634.60, underperforming the broader markets. The Nifty Midcap 100 index declined 3.5 percent and Smallcap 100 index was down 2.33 percent.

The benchmark indices nearly doubled from its March 24th low before the correction seen last week.
Experts feel the volatility is also expected to continue in the coming week given the big event ahead - Union Budget followed by RBI policy which both can set the market direction in near term.

"Our rationale is that a correction of 10 to 15 percent is an essential to such a liquidity driven rally, to bring soundness and moderate the overvalued market, created by oversupply of global & retail inflows," Vinod Nair, Head of Research at Geojit Financial Services told Moneycontrol.

In the coming week, "Union budget will be the key to add strength in the domestic market to perform better compared to the rest of the world. The risk is that expectations are high that the government will find a balance between populism, reform and growth under a weak fiscal position".
"The global market will be watchful on any regulatory actions which may be taken given the recent speculation issue, doubting the efficient working of the market system," he added.

Here are 10 key factors that will keep traders busy next week:

Budget 2021

Union Budget - the much-awaited big event of the year - will be presented on February 1, by the Finance Minister Nirmala Sitharaman. Experts largely feel this budget is special considering the country faced COVID-19 pandemic and expectations remain high to revive the economy faster though the slew of measures already announced by the government in last 10 months.
The focus could largely be on infrastructure, healthcare, agriculture (including doubling farmers income), rural economy, MSMEs, credit growth and sectors which impacted the most due to COVID-19-led lockdown restrictions. Given the job losses in lockdown, the job creation could also be the key point in the budget, hence the government could announce more such measures that can create maximum job opportunities going ahead. The fiscal consolidation path, the borrowing plan, the demand side measures, divestment plan and incentives for exports could be other points to watch out for in the budget.
"With all the speculation such as a one lakh crore rupee national bank for infrastructure financing doing the rounds, there is a lot of presumption and assumption. Ultimately the question remains - will the government contribute more towards infrastructure spending and do long term capex in order to revive the slouching growth or will it just create noise around growth by simply tweaking fiscal policies? Markets will be extremely disheartened if the government chooses the latter. But if the former is chosen, markets may climb near its previous highs".

RBI Policy

The three-day meeting of Monetary Policy Committee, the panel which set the interest rate, will start on February 3 and conclude on February 5. The repo rate is expected to remain unchanged at 4 percent with the RBI continuing with accommodative stance, while the commentary (especially after Union Budget 2021) on economic growth and inflation along with measures that can help economic revival would be key things to watch out for.

FII Flow

The foreign investors turned net sellers on weekly basis for the first time since September last year, selling Rs 12,096.69 crore worth of shares in the week ended January 29 due to increase in dollar index and lack of positive triggers on the global front, after more than Rs 1.7 lakh crore of equity buying since last year.
On the other side, domestic institutional investors were net buyers on the weekly basis for the first time in last four months, net purchasing Rs 3,788.98 crore of shares last week.
Hence, the Street will closely watch the mood of FIIs and DIIs going forward.

Auto Sales

Auto stocks, including Maruti Suzuki, Ashok Leyland, Escorts, Eicher Motors, Tata Motors, Hero Motocorp and Bajaj Auto, would be in focus on the first day of February as automobile companies will release their January sales numbers.
Experts expect the growth in passenger vehicle, medium & heavy commercial vehicle and tractor segments to continue, but 2-wheeler segment may be weak in January.

Economic Data Points

Markit Manufacturing PMI data for January and balance of trade data for December will be released on Monday, while Markit Services PMI for January will be announced on Wednesday.
The Markit Manufacturing PMI at 56.4 in December 2020 increased from 56.3 in previous month, indicating the continuity in business conditions improvement, while the Markit Services PMI at 52.3 in December declined from 53.7 in previous month, indicating the expansion continued for third consecutive month.
Foreign exchange reserves for the week ended January 29 will be announced on Friday.

Earnings

Little more than 475 companies will release their earnings scorecard for the quarter ended December 2020. The prominent ones to watch out for would be HDFC, Bharti Airtel, Hero Motocorp, HPCL, State Bank of India, Britannia Industries, Mahindra & Mahindra, Divis Labs and NTPC.
Among others, Castrol India, Finolex Industries, Kansai Nerolac Paints, Balrampur Chini Mills, Dixon Technologies, Escorts, PI Industries, Tata Consumer Products, Adani Enterprises, Adani Green Energy, Apollo Tyres, Adani Total Gas, Indian Hotels, Inox Leisure, Jubilant FoodWorks, PNC Infratech, Thermax, Ujjivan Small Finance Bank, Adani Power, Bajaj Electricals, Container Corporation, Godrej Properties, Ipca Laboratories, REC, Tata Power, Trent, Zee Entertainment Enterprises, Ashoka Buildcon, Mrs Bectors Food Specialities, Cadila Healthcare, Gujarat Gas, Jubilant Life Sciences, Punjab National Bank, Affle (India), BHEL etc would also be watched.

Coronavirus and Vaccination

The COVID-19 recovery rate remains strong, improving further to over 97 percent and the positivity rate slipped to 1.58 percent. Active cases fell for 22nd consecutive day and increase in deaths below 200 for 17th straight day.
India reported total over 1.07 crore confirmed infections so far, of which over 1.04 crore patients already recovered with 1.54 lakh deaths. As a result, the active cases dropped to further around 1.7 lakh now.
The vaccination drive has been on a right path with more than 35 lakh frontline workers getting the first dose of vaccine since the launch on January 16.
Globally there are more than 10.22 crore confirmed infections with over 22 lakh deaths so far, while United States, Brazil, United Kingdom, Russia, France, Spain, Italy, Mexico etc continued to more cases on daily basis than India.

Technical View and F&O Cues

The Nifty50 fell more than 1 percent on Friday and lost over 5 percent for the week, forming bearish candle on the daily as well as weekly charts, which indicated that the short term trend of the market could be negative.
"The short term trend of Nifty continues to be weak. The negation of upside bounce attempt and the downside break of weekly support could signal more declines ahead for the Nifty," Nagaraj Shetti, Technical Research Analyst at HDFC Securities told Moneycontrol.
"The key economic event of Union Budget could play vital role to show the direction for the market. Any rise from here could encounter resistance around 13,750-13,800 levels. The near term downside targets to be watched for Nifty around 13,050 (20-week EMA) for the next few weeks".
The option data suggested that the Nifty could trade in a wider range of 13,200 to 14,000/14,200 levels in coming sessions. Maximum Call open interest was seen at 14,500, 14,000 and 14,200 strikes, while the maximum Put open interest was seen at 14,000, 13,000 and 13,500 strikes.

Call writing was seen at 14,200, 14,000 and 14,100 strikes, while Put writing was seen at 13,100, 13,300 and 13,000 strikes.
"Ahead of the Union Budget, no major option concentration is visible in either Call or Put strikes. However, Put base for the February series is placed at ITM 14000 strike followed by 13500 strike. On the higher side, immediate Call concentration can be seen at 14500 strike for the monthly expiry".
Moreover, volatility jumped to 25.34 levels at close on Friday, from 22.42 levels seen on previous Friday ahead of budget, due to selling pressure in emerging markets. The volatility needs to drop below 20 levels for market stability.

Gender Budgeting: A critical tool for women's empowerment

Since 189 United Nations member states adopted the Beijing Declaration and Platform for Action at the Fourth World Women's Conference in 1995, the language of 'gender mainstreaming' has been adopted by many countries for shaping their public policy and programme priorities. In India, gender budgeting was enforced in 2004 with the recommendations of the Ashok Lahiri Committee, and the Ministry of Women and Child Development (MWCD) has been the principal unit that overlooks the strategic management and execution of Gender Responsive Budgeting (GRB).
This is perhaps the biggest example of gender mainstreaming anywhere in the world where the MWCD builds capacities, consolidates, and monitors gender investments across almost 60 ministries and government departments.

However, as we mark 15 years of GRB in India, we still find only around 5 percent of the public expenditure is reported for GRB. Also, most of the GRB expenditure is restricted to four ministries: rural development, education, health and MWCD. Even within the MWCD, more than 90 percent of the budget goes to the Integrated Child Development Services (ICDS) — less than 10 percent resources are directly allocated for women's schemes. Hence, we continue to not only ask questions about how much funding is being provided to gender equality, but also how much of it is being utilised to bring on-ground change?

Gender Budgeting

Simply put, gender budgeting is looking at a budget from a gender lens. This does not mean having a separate budget for women. Rather, it means analysing the impact of a specific policy or programme from the differential impacts it may have on men and women, and then including these considerations into budgetary operations. For instance, it is not enough to just construct roads and highways and assume equitable access for all. A case in point is a recent study by Sakshamaa at C3 in Bihar which has pointed out the need to invest in urban policy solutions that integrate gendered mobility indicators to improve women's public safety and encourage their participation in economic life.

GRB and post-COVID-19 Recovery

We have seen how women frontline workers in health, child development, and sanitation services, as well as community institutions have played an important role in COVID-19 response. We have also seen the gendered nature of job loss, financial distress, food insecurity, precarity of informal jobs, women's increased burden of unpaid care work, mental health concerns, and reports of gender-based violence (GBV). According to a government data, women's share in new payroll additions fell below 20 percent in August, and the cases of domestic violence increased during the lockdown as per National Commission of Women's records.
It is clear that gender-responsive investments in these areas can build a strong pathway to recovery and resilience. For instance, the government announced cash transfers, a total of $4.12 billion to Jan Dhan accounts of over 200 million women over three instalments. To help them tide through this important recovery phase, these benefits could be continued for another six months, and expanded to all Self-Help Group members.

The NREGA has been a saving grace for a large part of the rural population, and it must be ensured that women get a place and a voice in NREGA works. The law already mandates 100 days of guaranteed work on demand, and perhaps this could be extended to 200 days for the next two years at least. Women's businesses — most of which are micro and nano-enterprises, run on their private capital, and have lost access to supply chains — will need their own 'shot in the arm' to help revive business, in the form of dedicated stimulus packages, expansion of current efforts (such as the SVaNidhi for street vendors), targeted public and private procurement quotas, and affirmative action in public employment.

Most importantly, the barriers to women's equal participation in the economy and in public life need to be considered in policymaking and budgeting priorities, be it in the expansion of services for addressing gender-based violence (e.g. expansion of One Stop Crisis Centres) or ensuring infrastructure and services to ease their unpaid work (e.g. doorstep water supply, clean energy supply, etc.).

As the world gears up for the next crisis, women's health and social wellbeing will also need to be give due attention — through strengthening more equitable health systems, ensuring easy access to essentials such as sanitary napkins and contraceptives, and ensuring that social norms do not regress.

As countries are gradually emerging out of the health and economic crises, putting women and girls at the heart of the social, economic and health recovery and resilience will be beneficial for all. As aptly put by former UN Secretary-General and Nobel Peace Laureate, Late Kofi Annan, 'Gender equality is more than a goal in itself. It is a precondition for meeting the challenge of reducing poverty, promoting sustainable development and building good governance.'

With the conversation around gender equality picking pace, we are eager to see how it is translated from intent, into concrete policies, budgets, and outcomes as we advance steadily towards the 2030 milestone.

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