

Editorial
Vol -1, No-I, 19 Feb 22, 09 pages

Yes, geo political issues will create volatility but at the same time during war market always go up after knee jerk reaction. We had 50% reacted on FRIDAY and 50% will react today. We have to now just where the bottom gets formed. We should always rely on INDIA story and try to buy what we like. We will be 5 tr \$ economy no doubt at all. See what OAK AMC write about India.

“Why India trades at premium to other EMs and why it will continue to do so

In a note issued by White Oak AMC, they mentioned the reasons. In this interview with Mr. Ramesh Mantri, CIO of White Oak AMC enumerated the details. Here are the important points:

Soft Infrastructure

- India trade 60-80% premium to other EMs. India has been trading at premium for past 20 years.
- GDP / Sales / Profit growth matter but equally important are the other matrix.
- China’s GDP expanded 9% against 7% for India for last few decades but still Chinese equities lag Indian equities.
- Other EMs have hard infrastructure which can be created in 5/10 years. India score high on soft infrastructure which takes generation to build.
- India score high on separation of power between legislator/ executive and judiciary.
- Rule of law and strong property rights almost equal to standard in developed world.

Change of the week

	19-Feb-22	Rise /Gain
Sensex	57832	314.7 ↓
Nifty	17276	98 ↓

Net Investments (` Cr)

	FII	DII
14-02-2022	(3144)	2170.2
15-02-2022	(1391)	4411.6
16-02-2022	(367.4)	1180.1
17-02-2022	(710.0)	901.1
18-02-2022	(2529.9)	1929.08
Total	(8141)	10,591

Turnover (` Cr)

	FII	DII	Combined
18-Feb-22	68,378	52,167	1,20,545

18-Feb-22	Advances	Declines	Ratio
BSE	1093	2275	0.48

Major Crises

India avoided three major crises afflicted other EMs frequently.

- Currency crisis
- Debt crisis (India never defaulted on sovereign debt obligations)
- Political coup or authoritarian government.

SOE ownership

- PSUs across the globe trade at discount to private enterprises.
- Indian market has just 6% weightage of PSU in indices against EM average of 19% and some EM has as high as 40%.

Market composition

- Most diversified by sector / ownership and single entity exposure.
- Taiwan has hard tech 67% of markets and 37% of single company TSMC alone.
- South Korea has 41% weightage of hard tech and Samsung group alone has weightage of 39%.
- Russia 60% commodities.

These sectors are more cyclical in nature.

Indian earnings are more resilient and assets quality is much better.

In short like there is corporate governance for companies similarly there is governance standard for countries and India score high on these parameters.

Perhaps first time someone took soft power of India and connected this with equity markets.

Global investors value these very highly and that's the reason Indian market will continue to trade at premium to other EMs."

Therefore continue with BULL MARKET strategy of buy dips and have faith INDIA, INDIAN GOVT which

is doing *the best job to make INDIA one of the best economies in the world.*

5 Top Gainers			
Stock	18-02-2022	14-02-2022	% Gain
EXCEL INDUSTRIES	1210.8	969.2	24.9
EVEREADY IND	360.6	291.5	23.7
SOLARA ACTIVE	765	620.2	23.3
RHI MAG	551.3	487.3	13.1
HITACHI ENERGY	3127	2822.5	10.79

5 Top Losers			
Stock	18-02-2022	14-02-2022	% Loss
MANAPPURAM	121.7	153.0	20.4
NRB BEARING	129	160.6	19.6
METROPOLIS	2000	2419	17.3
SUPRAJIT	325.9	389.1	16.24
NLC INDIA	63.4	75.65	16.13

Top 5 Picks By CNI 'A' Group	
Company	
RIL	
TATA STEEL	
CDSL	
BSE	
TATA COMMUNICATION	

Top 5 Picks By CNI 'B' Group	
Company	
AMD IND	
GLOBAL OFFSHORE	
TTML	
ZYDUS WELLNESS	
AMD INDUSTRIE	

Hats of DII which have bought Rs 4400 crs yesterday to defy FII selling of Rs 2200 crs and rightly so Sensex was up 1750 points.

LIC IPO date was announced 10th March which was later denied by department of divestment. Well we need to see what is that date. If this is the date then HATS off to the GOVT. On the day of election results if they open IPO means they are very confident that BJP will win UP and Nifty will rise 1000 points. The way to success.

I am very confident that INDIAN GOVT will be able to sell LIC IPO. They are giving 10% discount and if so then our retail and LIC policy holder can easily see that the IPO becomes a success.

I have done my homework well and feel that Nifty will cross 18800 in next 75 days.

You can add stocks of your choice. My choice will remain as under..

TATA MOTORS TATA POWER SBI INDUS TISCO in A gr. AANCHAL GLOBAL ARTEFACT ARTEMISMED AKAR AMD and whatever suggested earlier as most of the co's have announced super Q3 nos. GLOBAL trigger has not surfaced though hint is given by MGT in the notes.

I am confident. You should take informed decision and will suggest do not go short for following reasons.

1800 points fall has done the much required correction.

DII buying started

FPI tiring

Govt policy measures superb

Budget out of mind Real class

Financial closures will be on strong notes.

RSI bounced to 47 means we are normal now and no more oversold. Hence take a balanced view. Whenever RSI falls to 37 we will buy.

Small caps and midcaps will give maximum returns. Stock selection is your call. If stock has corrected 20% after your buying then only average else no.

As expected various contrary statements came in UKRAINE case. Yesterday US said no evidence of RUSSIA withdrawing troops and Nifty tanked from 17480 to 17240. Today RUSSIA said issued video of troop's withdrawal and Nifty bounced 100 and will rise 100 more.

Geo political situation is always like this. As explained in last 22 years we had seen 10 such situations and in all the time markets have gone up. Now the knee jerk is over so market will rise slowly and steadily having seen massive short gathering.

Even after smart rally the Nifty OI is just 1.03 cr shares which means though shorts reduced from 4 mn to 3 mn it is still there means Nifty has good upside on expiry also.

Nifty RSI is 47. Whenever it goes to 37 we can go for massive buying. Last time we had seen RSI 81 on 17th Sept 2021. It means from 17th Sept post crash, we have been seeing good consolidation at 17100. Data already shared with you all.

LIC will be a success story. Govt has done well to do LIC before MARCH. Mind it LIC has Rs 26000 crs unclaimed policy which will be sooner than later written back. Secondly LIC is the fit case of high DIVIDEND post listing. Reason LIC earns Rs 1.85 lac crs and if they have to take 80M section advantage then they can announce that dividend without attracting tax. Well tax and dividend both goes to Govt but surely DIVIDND will raise valuations. 80M section makes dividend exempt to the extent dividend distributed.

E T has reported today that LIC is coming in MSCI and if that comes 500 mn \$ flow will come.

Some expert has wrote on chemical on following lines...

A 10% shift of China's chemicals business to India will see India's global market share double from the current 3%. The Industry is set to double its size by FY25 from the current \$32 Bn. Secret to most of the biggest multi baggers been "Margin Expansion". If you can find a stock which will grow it's sales at 15% CAGR for next 5 years and where margins can double or triple, that's it then. Yet it is true that CHINA share of chemicals was 95% which has reduced to 80 83% now and all set to go down to 60 or even 50% in coming years. This will shift to INDIA.

I am someone who would thoroughly check the P&L and balance sheet of companies while researching. The secret sauce of finding money spinners often would come from scenarios where the recent results may not look good enough but there are cases where companies are booking revenue expenditures after a recent big capex. So any operational start of those recent things would straight away flow to PBT. You know which co's I am referring to. At least 3 of research cases are on the same lines where current nos are losses but these is massive expansion of Balance Sheet and profits will come any time and that too in big nos. This is called DARK HORSES. Here I apply the EQ to sales ratio rather than EPS and PE. Many businesses have value event though there are no earrings. I want every CNI member to read the Balance Sheet and decide the case on merits.

Which co should benefit from the BULLET TRAN from NAGPUR to MUMBAI it is anybody's guess. We will reach MUMBAI in 3.5 hrs from NAGPUR and there will be required lot of INFRA and INFRA project advisory co's role.

Yesterday TESLA was in news that they will have to buy 500 mn \$ components form INDIAN co's if they have to come to INDIA. Which co is geared to give component to TESLA? Wait and watch this space.

Next 5 sessions we should be very careful though it looks like that nifty will go up only due to heavy shorts in the current settlement where we had seen a low of 16800. So long as 16800 is not broken there is no case of going short.

FRDIAY MODNAY bad and TUESDAY WED AND THURSDAY super was the scene for last few week. But it seems this will change this week.

NIFTY FEB OI is 1.02 cr shares which is less by 30 lac shares. This means retail and FPI both are short by at least 30 lac shares which is hidden in the net position. FPI cannot short stocks and for hedge they have to short Nifty only. March Nifty futures O I is just 18 lacs which suggest no rolls started.

RSI is at 46. Means its okay. Now to roll 1.02 cr shares will require at least 300 points movement in Nifty in next 4 days.

Since Nifty has consolidated at 17100 for last 4 months there seems no downside below 17100 now which is not far. Means risk is of 200 points whereas the settlement of geo political issue could mean Nifty 500 600. Thus risk reward ratio is favorable at this point in time.

India has great synergy of 36 no in cricket which can be defined differently and then we can co relate the same with the market.

Sunil Gavaskar scored 36 runs in 60 Overs.

Yuvaraj Singh scored 36 runs in 1 over.

Team India scored 36 runs in 1 Innings in AUSTRALIA.

What we can LEARN from this..?

- 1) Like GAVASKAR innings, sometimes your Investment can give you lesser returns for a prolonged tenure.
- 2) Like YUVARAJ, sometimes your investment can deliver highest returns in least possible time.
- 3) Like TEAM INDIA, sometimes all your assets can perform terribly.

However in spite of these, Gavaskar was GREAT BATSMAN, Yuvaraj was a MASTER BLASTER and Team India ranks at the TOP.

Mutual Funds and Cricket are Subject to Market Risks.

This tells us in clear terms that there is always LUCK that need to favour your stocks. Many times you sell stocks saying CHALTA nahie hai and just when you sell it blast. Out of 365 days which is the day GOD will bless you no one knows. Hence one should have a patience in stock market. Traders have a different psychology. E g GLOBAL OFFSHORE you really do not know when it rate revision coming. But do you think operators will allow you to buy when this happens.

I have no doubt in my mind that BJP will win UP. I had mentioned even at the time of Budget that market and media will keep tossing YES and No for BJP which will create volatility in the market. Now UP UKRAINE INFLATION and RATE HIKE 4 ghost are together. My simple views after all these issues also market has to rise thanks to super Govt policies, massive support to sme, creating employment for small and retail while keeping the balance of industries as well FPI.

I hold that Nifty 18800 will become reality. Take positions accordingly. Paths are created by brokers who send reports. Now whether you need to follow that path or go where there is no path is up to you.

Special feature

Nervous week and we stroked ourselves between 16800 and 17500 as expected. This may happen couple of times more before 10th March 2022. Yes, the market conditions and specifically many HNI's FPI and large part of traders and robin hood's follow FPI figures seriously and made their mind that all is over for the Indian equity markets. Whenever majority decide like this market takes the opposite route. With just 1.02 lac crs O I in Nifty, PE at 22.21 and RSI at 46, I do not subscribe to these views. Market has crashed in the past only when PE crossed 28.5 and RSI 81 hence it is very difficult to understand how markets will crash. At least whatever little I understand (I am not really expert in understanding technical) I do not expect market to fall big from here. First let us see who said what and their track record.

Social media has become easy route to spread anything and everything nowadays where there are millions of what's up groups creating foot prints of unimaginable no of followers.

Recently GMO (Grantham, Mayo, & van Otterloo), a Boston-based asset management firm had issued report that US markets will crash 45%. I had no occasion to read their report but surely knows that this Fund had to close 2 of their schemes and its fund managers were also subject to investigation on buying some stocks which were tiny and not worth. May be, it could be part of big bear cartel, but their recent buy on INFY and ICICI are not in good test. When countered one of the smart investor said that whatever is their track record, they have proved right in these 2 stocks for last 7 years. Well in INFY and ICICI whole world is right but if US crash 45% then INFY and ICICI will too crash 50% so the views are contrary which are not acceptable to at least me.

Goldman Sach, in their report, have said that US will raise rates 7 times. I do not know when they were last proved right even 2 times in a row. Again, GOLDMAN is known as one of the biggest BEAR fund hence such statement could be possible to create an environment for the followers. Yes, this is too big a name to see massive following.

Marc Faber the famous ASTROLOGER FUND MANAGER, known for his predictions, has said that markets will correct 10%. He is the same person who had predicted Sensex 2500 post LEHMAN. Now you can understand his credibility too.

Then comes Jefferies CHRIS WOOD. He was EX CLSA. He said recently that it is starting of big correction. Market may crash like 2020. Again his track record nowhere says he proved right many times.

Well, when you are in a free world and there is democracy to speak, you can say anything and your followers have to vouch for it. End of the day, they will earn or loose with no other person being responsible. But those who spread all this is what's up groups what are they going to gain out of it..?

We are in the midst of the biggest consolidation even though we are approaching to the financial closures. Last 4 months, with all kinds of negative, we are holding 17100 even though there were couple of occasion where we saw 16400 and 16800 also and all along we had seen FPI selling. For me, DII that matters and not FPI and DII have resumed their buying. Now even if FPI sell another 50000 crs worth stocks, DII will be able to absorb as we had seen for Rs 99000 crs. Market maintained a narrow range of 17000 and 17800 which is similar to 14200 and 15000 (again was there for 3 months).

NIFTY official PE ratio is 22.21 (current). Fear and greed works. At 28.70 PE I had told to exit and no one liked and named it is liquidity driven rally. Prices corrected up to 60% in many A gr companies destructing major wealth. You deiced what is good PE level you expect to enter the market. Can it be 11 which was there in 1991

and if your answer is YES then you must quit stocks markets immediately or rather short as believed by 4 stalwarts above.

The prima facie 4 reasons which is creating a noise of big correction are as under.

Inflation

Rate Hike

Russia Ukraine

OIL rise

In 2008, 800 bn \$ QE was done that injected good amount of liquidity which kept fuelling the economy for almost a decade. Now a 7 tr \$ QE is already done and even if tapering done this will keep injecting the economies for decade at least. The liquidity once injected cannot evaporate and keep on doing its job in a vicious cycle. The consequences of inflation (but natural) will be there but the bullish stint cannot come to end so early. Therefore I will agree with the LEGEND investor BHANSALI that even if rate hike come, markets will rise for sure for first couple of rate hikes.

Russia Ukraine is another form of AFGANISTAN, NORTH KOREA, INDIA CHINA etc and there were 10 occasion from 2001 to 2022 as reported by E T last week and in such cases markets rose to new highs post initial knee jerk. We too had a knee jerk of 5% correction and that's it. Now it is time to break lose and go past 18800 in style and reasons are oversold markets or lighter markets, investor's sitting on cash, massive inflow in AUM every month, massive earning growth, fastest growing economy, massive capital expenditure and overall the big following of big 4 are in bear trap.

Finally oil rise. If we are reacting at OIL 95\$ then what will happen if OIL become 115 -120 \$. Will all economies collapse overnight? Will it affect only INDIA? OIL is controlled by US and INDIA and CHINA have sufficient OIL storage. The rise in OIL is assigned to no investments in this sector for last 6 years. The fortunes of this industry went in doldrums in 2016 when OIL crashed to a low of 31\$. 60% of vessels including high end PSV and AHTS were scrapped being unmanageable with a low charter rate of below 4000\$ and below 1000\$ for bulk carriers. Now the rates are 23000 \$ and 4000 \$ (recently came down from 6000\$) for specialized vessels and bulk carriers. Capex cycle has started which will take at least 3 to 5 years to reach pre 2016 capacity level hence this industry will remain strong for next 5 years and OIL will keep on rising, whether we like or not.

Finally, I have faith in INDIAN economy, INDIAN Hon'ble FM and Hon'ble PM who have made us proud about the INDIAN economy in the entire world. She is the best F M we have seen so far and her policy decisions are the best. India is the fastest growing economy. Some ANTI INDIA investor too are now changing their views. We have become Rs 44 lac crs Budget size and we will achieve 5 tr \$ economy status in 2025. That means even my estimate of 37800 Nifty will come true by 2025. UP Election results will push markets to new levels and 2024 a new orbit for INDIA again with Hon'ble PM will also see next term.

Yes, equity market is all about risk and there are chances of going wrong also but this is always in short term. Over long term there is no chance of going wrong as PE will fall to 17 (1 year forward) which is a bare minimum to reach ultimate target of 28.7 again means 50% upside to Nifty in clear terms. This is the time one should take risk instead of buying with the wind. Anyways, your own understanding will make you invest though I am extremely bullish in small-caps and mid-caps in 2022. Post 2017 crash after SEBI circular I was the only person who had said we will see biggest rally in small-caps and mid-caps and it is proved right.

Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	19/02	24,327.71	-465.06	-1.88
Singapore	Straits Times	19/02	3,428.90	-12.67	-0.37
United States	NASDAQ	19/02	13,548.07	-168.65	-1.23
United States	DJIA	19/02	34,079.18	-232.85	-0.68
United States	S&P 500	19/02	4,348.87	-31.39	-0.72
Japan	Nikkei 225	19/02	27,122.07	-110.80	-0.41
United Kingdom	FTSE 100	19/02	7,513.62	-23.75	-0.32
Malaysia	KLSE Composite	19/02	1,603.05	-1.97	-0.12
Indonesia	Jakarta Composite	19/02	6,892.82	+57.70	+0.84
Thailand	SET	19/02	1,713.20	+1.62	+0.09
France	CAC 40	19/02	6,929.63	-17.19	-0.25
Germany	DAX	19/02	15,042.51	-225.12	-1.47
Argentina	MerVal	19/02	89,443.20	-534.69	-0.59
Brazil	Bovespa	19/02	112,879.90	-648.60	-0.57
Mexico	IPC	19/02	52,281.54	-430.51	-0.82
Austria	ATX	19/02	3,816.10	-68.48	-1.76
Belgium	BEL-20	19/02	4,045.10	-24.37	-0.60
Netherlands	AEX General	19/02	744.89	-6.31	-0.84
Spain	Madrid General	19/02	857.49	-7.23	-0.84
Switzerland	Swiss Market	19/02	12,010.09	-65.18	-0.54
Australia	All Ordinaries	19/02	7,502.83	-71.92	-0.95
China	Shanghai Composite	19/02	3,490.76	+22.72	+0.06
Philippines	PSE Composite	19/02	7,418.79	-20.14	-0.27
Sri Lanka	All Share	19/02	12,134.04	-218.34	-1.77
Taiwan	Taiwan Weighted	19/02	18,232.35	-36.22	-0.20
South Korei	KOSPI	19/02	2,744.52	+0.43	+0.02

Name of Editor: Minit Jhaveri

Publisher:

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

Printer:

KOKILA GRAPHICS

Printing Press Address:

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

Owner:

CNI Research Ltd

Place of Publication

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

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