

## Prominent Themes of the Budget

Governance	Financial Sector
<p><b>Structural Reforms</b></p> <p><b>GST</b></p> <ul style="list-style-type: none"> <li>✓ 20 per cent reduction in turn around time for trucks.</li> <li>✓ Benefit to MSMEs through enhanced threshold and composition limits.</li> <li>✓ Savings of about 4 per cent of monthly spending for an average household.</li> <li>✓ In last 2 years, 60 lakh new taxpayers added and 105 crore e-way bills generated</li> </ul>	<ul style="list-style-type: none"> <li>✓ Deposit Insurance Coverage to increase from ₹1 lakh to ₹5 Lakh per depositor.</li> <li>✓ Eligibility limit for NBFCs for debt recovery under SARFAESI</li> <li>✓ Act proposed to be reduced to asset size of ₹100 crore or loan size of ₹50 Lakh.</li> <li>✓ Proposal to sell balance holding of government in IDBI Bank.</li> <li>✓ Separation of NPS Trust for government employees from PFRDAI.</li> <li>✓ Specified categories of government securities would be opened for non resident investors</li> <li>✓ FPI Limit for corporate bonds to be increased to 15 per cent.</li> <li>✓ New debt ETF proposed mainly for government securities.</li> </ul>
<p><b>Digital Revolution</b></p> <p><b>Next wave</b></p> <ul style="list-style-type: none"> <li>✓ Digital Governance.</li> <li>✓ Improve physical quality of life through National Infrastructure Pipeline</li> <li>✓ Disaster Resilience.</li> <li>✓ Social Security through Pension and Insurance penetration</li> </ul>	
<p><b>Inclusive Growth</b></p> <ul style="list-style-type: none"> <li>✓ Governance guided by “Sabka Saath, Sabka Vikas, Sabka Vishwas” with focus on:</li> <li>✓ Preventive Healthcare: Provision of sanitation and water</li> <li>✓ Healthcare: Ayushman Bharat</li> <li>✓ Clean energy: Ujjawala and Solar Power</li> <li>✓ Financial Inclusion, Credit support and Pension</li> <li>✓ Affordable Housing</li> <li>✓ Digital penetration</li> </ul>	

## Tax proposals

<ul style="list-style-type: none"> <li>✓ Concessional corporate tax rate of 15 per cent to new domestic companies in manufacturing and power sector.</li> <li>✓ Tax concession for sovereign wealth fund of foreign governments and other foreign investments.</li> <li>✓ Tax benefits to Start-ups by way of deduction of 100 per cent of their profits are enhanced by increasing turnover limit and period of eligibility.</li> <li>✓ Concessional tax rate for cooperatives proposed.</li> <li>✓ Turnover threshold for audit of MSMEs increased.</li> <li>✓ Extension of time limits pertaining to the tax benefits for affordable housing.</li> <li>✓ Issuance of Unique Registration Number to all charity institutions for easy tax compliance.</li> <li>✓ Health cess to be imposed on imports of medical equipment given these are made significantly in India.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Dividend Distribution Tax removed and classical system of dividend taxation adopted.</li> <li>✓ Simplified and New Income Tax Regime as an option to the old regime.</li> </ul> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>Income (Rs. Lakh)</th> <th>Below 5</th> <th>5 - 7.5</th> <th>7.5 - 10</th> <th>10 - 12.5</th> <th>12.5 - 15</th> <th>Above 15</th> </tr> </thead> <tbody> <tr> <td>Tax Rate (%)</td> <td>Exempt</td> <td>10</td> <td>15</td> <td>20</td> <td>25</td> <td>30</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>✓ Simplified GST return shall be implemented from 1st April 2020. Refund process to be fully automated.</li> </ul>	Income (Rs. Lakh)	Below 5	5 - 7.5	7.5 - 10	10 - 12.5	12.5 - 15	Above 15	Tax Rate (%)	Exempt	10	15	20	25	30
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Source: [www.indiabudget.gov.in](http://www.indiabudget.gov.in), SSL research

## Agriculture, Irrigation and Rural Development

<ul style="list-style-type: none"> <li>✓ PM KUSUM to cover 20 lakh farmers for stand alone solar pumps and further lakh for grid connected pumps</li> </ul>		<ul style="list-style-type: none"> <li>✓ Fish Production target of 200 lakh tonnes by 2022-23.</li> <li>✓ Another 45000 acres of aqua culture to be supported.</li> <li>✓ Fishery extention through 3477 Sagar Mitras and 500 fish FPOs.</li> <li>✓ Raise fishery exports to ₹1 lakh crore by 2024-25</li> </ul>
<ul style="list-style-type: none"> <li>✓ Viability gap funding for creation of efficient warehouses on PPP mode.</li> <li>✓ SHGs run Village storage scheme to be launched.</li> <li>✓ Integartion of e-NWR with e-NAM.</li> </ul>		
<ul style="list-style-type: none"> <li>✓ Kisan Rail” and “Krishi Udaan” to be launched by Indian Railways and Ministry of Civil Aviation respectively for a seamless national cold supply chain for perishables.</li> </ul>		
<ul style="list-style-type: none"> <li>✓ Elimination of FMD and brucellosis in cattle and PPR in sheep and goat by 2025.</li> <li>✓ Increasing coverage of artificial insemination to 70 per cent.</li> <li>✓ Doubling of milk processing capacity by 2025</li> <li>✓ Agricultural credit target of ₹15 lakh crore for 2020-21.</li> </ul>		

## Education and Skills

<ul style="list-style-type: none"> <li>✓ About 150 higher educational Institutions will start pprenticeship embedded courses.</li> <li>✓ Internship opportunities to fresh engineers by urbanlocal bodies.</li> <li>✓ Special bridge courses to improve skill sets of those seeking employment abroad.</li> <li>✓ Degree level online education programmes for students of deprived sections of the society</li> <li>✓ Ind-SAT to be conducted in Asia and Africa under Study in India programme.</li> </ul>
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## New Economy

<ul style="list-style-type: none"> <li>✓ Knowledge Translation Clusters for emerging technology sectors</li> <li>✓ Scaling up of Technology Clusters harbouring test beds and small scale manufacturing facilities.</li> <li>✓ National Mission on Quantum Technologies and applications with an outlay of Rs.8000 crore proposed.</li> </ul>
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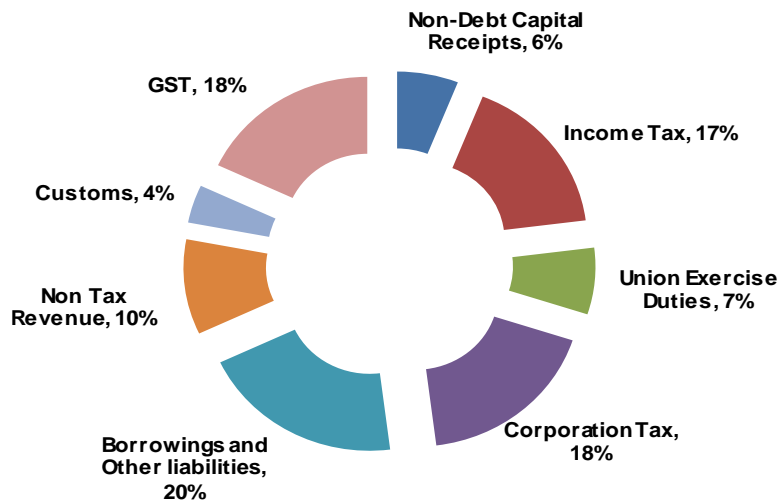
## Industry, Commerce and Investment

<ul style="list-style-type: none"> <li>✓ Scheme to encourage manufacturing of mobile phones, electronic equipment and semi conductor packaging.</li> <li>✓ National Technical Textiles Mission for a period of 4 years.</li> <li>✓ Scheme anchored by EXIM Bank and SIDBI to handhold MSMEs in exports markets.</li> </ul>		<ul style="list-style-type: none"> <li>✓ NIRVIK Scheme for higher export credit disbursement launched.</li> <li>✓ Setting up of an Investment Clearance Cell to provide end to end facilitation.</li> <li>✓ Extension of invoice financing to MSMEs through TReDs.</li> <li>✓ A scheme to provide subordinate debt for entrepreneurs of MSMEs.</li> </ul>
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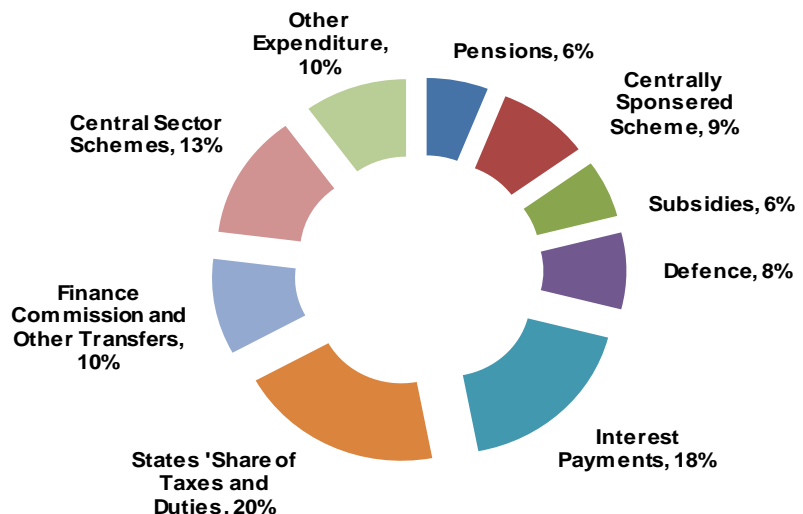
Source: [www.indiabudget.gov.in](http://www.indiabudget.gov.in), SSL research

Wellness, Water and Sanitation	Infrastructure
<ul style="list-style-type: none"> <li>✓ More than 20,000 empanelled hospitals under PM Jan Arogya Yojana.</li> <li>✓ FIT India movement launched to fight NCDs.</li> <li>✓ “TB Harega Desh Jeetega” campaign launched to end TB by 2025</li> <li>✓ Viability gap funding proposed for setting up hospitals in the PPP mode.</li> <li>✓ Expansion of Jan Aushadhi Kendra Scheme to all districts by 2024.</li> <li>✓ ODF Plus to sustain ODF behaviour.</li> <li>✓ Focus on liquid and grey water management along with waste management.</li> <li>✓ Coverage under Nikshay Poshan Yojana ₹ 35 Lakh</li> </ul>	<ul style="list-style-type: none"> <li>✓ National Logistics Policy to be launched soon.</li> <li>✓ Roads: Accelerated development of Highways.</li> <li>✓ Railways: Four station redevelopment projects</li> <li>✓ 150 passenger trains through PPP mode.</li> <li>✓ More Tejas type trains for tourist destinations.</li> <li>✓ Port: Corporatizing at least one major port.</li> <li>✓ Air: 100 more airports to be developed under UDAAN.</li> <li>✓ Power: Efforts to replace conventional energy meters by prepaid smart meters.</li> <li>✓ Gas Grid: Expand National Gas Grid to 27,000 km</li> <li>✓ Infrastructure Financing: ₹ 103 lakh crore National infrastructure Pipeline projects announced.</li> <li>✓ An international bullion exchange to be set up at GIFT City.</li> </ul>

## Rupee Comes From

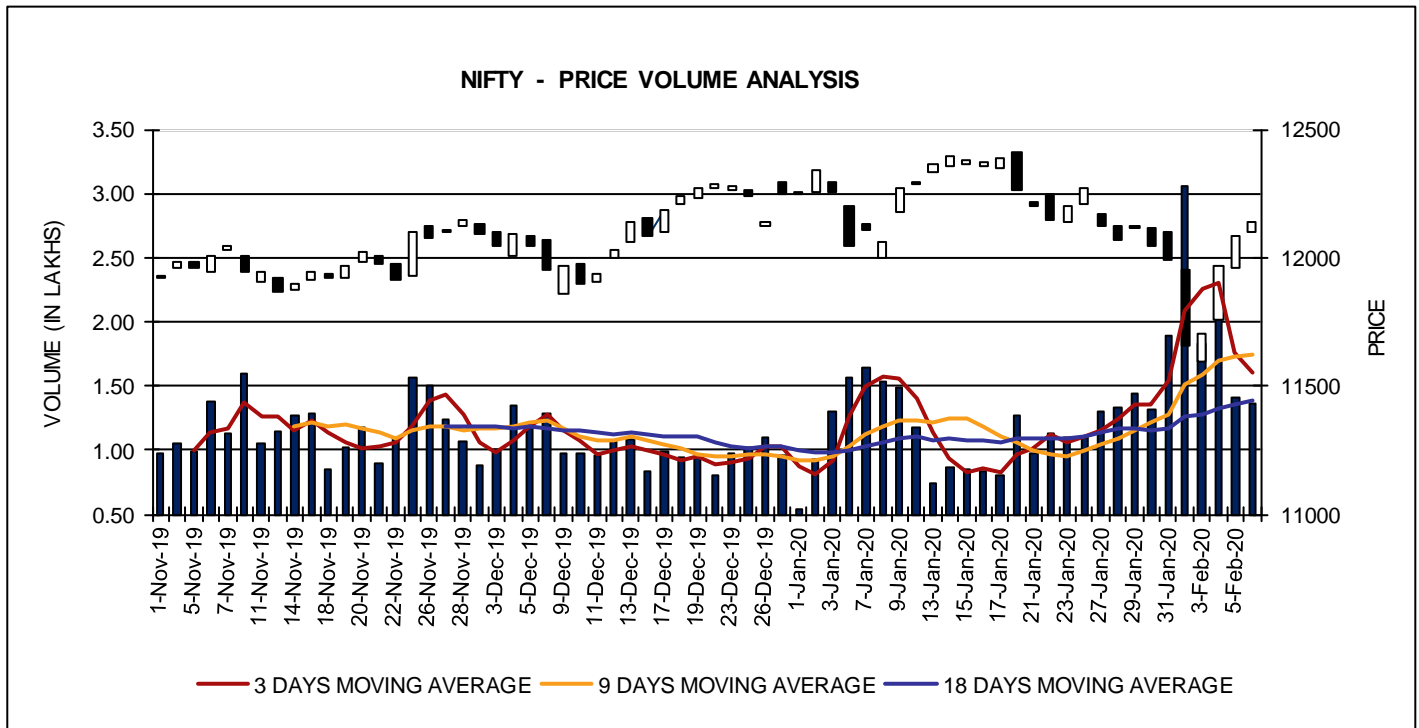


## Rupee Goes To



## Equity Market Outlook 2020

NIFTY (12098.35)



Source: SSL research

Nifty has gained over 12% in 2019 and repeatedly set record highs after the government announced several measures, including a corporate tax cut. The year 2020 will bring a bullish picture in the Indian equity markets and touch new highs as we consider recently finance minister announced the balanced budget on the prospectus of the equity market in 2020, also the government has taken several measures to address the economy slowdown in recent months and expect a likely recovery in economic growth to drive the market going forward, strong PMI data and moderate inflation numbers. Add to that fears about the economic impact of the coronavirus, geopolitical tensions between US and Iran, global crude oil prices and rupee movements would have counted for more volatile.

Technically the NIFTY has created an all-time high (12430.50 on 20<sup>th</sup> Jan 2020) and witnessed profit booking at higher levels. We believe that technically the year 2020 will be the bullish market with targeting towards 12600/12800 or even 13100 levels and as the technical chart pattern structure on NIFTY trades with in bullish price channel in the monthly chart. However the important support levels for NIFTY is seen at 11090/10670/10330 on the downside. In the Worst case scenario, the upward pricing channel on NIFTY index may fall to 10330-10000 level, which still validates a bull market scenario with more volatile. In terms of Sectors wise, we would remain positive on FMCG, Infrastructure & Construction and Private Sector Banks. One is advised to note that the year 2020 is also likely to mark a shift in focus to broader market as investors become less risk-averse to mid- and smallcap stocks with a gradual recovery in the economy. Buy on dips in the equity markets should be the strategy for investors and to further invest in the fundamentally good quality stocks for medium term to long term gains.

## Post Budget Investment Picks

### 1. Buy ICICIBANK around CMP (530-540) and on dips towards 480 for target of 640/687



Private sector banks are the biggest gainers of the government's decision to hike deposit insurance cover to Rs 5 lakh from Rs 1 lakh in the Union Budget as more deposits will be encouraged. This would increase awareness and bank deposits would be seen as safer. ICICIBANK is in bullish mode on the weekly chart as the stock has been trading with in upward pricing channel since February 2016 suggests strong buying momentum in the short run. The stock has been trading above its all medium and long term moving averages with good volumes indicates the stock may continue to trade its rising upward trend. The bullish candlestick pattern on ICICIBANK in the weekly chart indicates the stock can move toward the 606/629 levels in short run to medium. If the stock moves above 640 levels, the bullish chart structure gives an immediate target of 687/696. On the lower side, the support would be at 444 and 375 levels.

### 2. Buy DABUR around CMP (505-515) and on dips towards 440 for target of 630/674



Dabur India Ltd is one of the leading FMCG Companies in India operating through three business units, namely consumer care division, international business division and consumer health division. The FMCG industry, facing a consumption slowdown welcomed the Union Budget that proposed reduction in personal taxes that would help drive consumption and the thrust on rural development would revive demand from the segment. On weekly chart has formed double bottom reversal pattern and the pattern is made up of two consecutive troughs that are roughly equal with moderate peak levels of 490/487 and it has broken the peak levels indicating bullish reversal which provides an opportunity for investors to obtain profits from a bullish rally and also buying opportunity at lower levels. Also trading above 200 days EMA signifying strength in the long term chart and is expected to remain strong in medium term to long term. We expect the upward sloping channel in the counter to continue with medium term resistance placed at 630/674 or even 740. The stock is expected to find good support at 394 and 365 levels.

### 3. Buy ASHOKLEY around CMP (80-85) and on dips towards 65 for target of 98/113



Auto component manufactures have slight cheers in form of Rs. 1000 crore handholding scheme for those in the Auto Component business to support technological upgradation, R&D support and business strategy planning. The stock has been forming very good bullish head and shoulder pattern with steady volumes since Feb 2019 and if ASHOKLEY breaks the neckline resistance level of 87/98, the stock can move towards 113 and 122 levels. Lower level buying was seen in ASHOKLEY, which augurs well for the near run. Technically we expect lower level buying may continue and should take prices towards the levels of 113 and 122 in medium term to long term scenario. However on the lower side, the support lies at 64/57.

## 4. Buy FINPIPE around CMP (550-560) and on dips towards 490 for target of 710/730



The plan to provide piped water across Indian households by 2024 with 3.6 trillion rupees in funding could benefit Finolex Industries. Measures to help farm sector growth in water-stressed districts will benefit the company which offers a wide range of pipes and fittings in agriculture, housing, and telecommunication business. On the monthly chart, the FINPIPE has been forming Symmetrical triangle pattern' since Oct 2018 which is a bullish continuation pattern and this indicates there are more buying than selling in the stock. If the stock trades/breaks above 626 levels on monthly closing basis, the Symmetrical triangle pattern indicating that fresh buy signal and highly optimistic long term target of 710/730 levels on the upside. The gain in the stock price from a low of 437 in Feb 2019 has been on back of increasing steady volumes, indicating buyers are accumulating the stock at lower levels for medium term to long term gains. On the downside, the stock is likely to take support at 431 and 381 levels.

## 5. Buy FEDERALBNK around CMP (87-95) and on dips towards 76 for target of 110/116



Private banks Like Federal Bank will gain most as Bank deposit insurance cover was raised five times to Rs 5 lakh from Rs 1 lakh in Budget announcement and hence more deposits will be encouraged herewith. The stock witnessed buying pressure at bottom levels of 65-67. The long term trend on FEDERALBANK is likely to remain uptrend as the stock has been trading above its respective long term 200 days MEMA since September 2013. The candlestick pattern on FEDERALBANK is suggesting that buyers are accumulating the stock at lower levels. We expect positive trend in the counter to continue with immediate resistance placed at 110 and 116 levels. If it sustains this pressure, buyers would take the stock at 121 and 127 levels in medium term to long term scenario. On the lower side, the support will be at 67 and 61 levels.

## 6. Buy BATAINDIA around CMP 1825-1840 and on dips towards 1650 for target of 2290/2345



Finance Minister Nirmala Sitharaman announced in Budget 2020 to increase customs duty on imported footwear and furniture which will be beneficial for domestic manufacturers. The government will proactively promote and enable footwear factories which can handle more technical manufacturing. On weekly chart the bullish support line may continue to remain intact which suggest follow up buying taking place during dips. The stock has been witnessing above the both 100 days & 200 days EMA with good volumes since March 2011. The stock prices eventually broke the old highs 1814 on first week of November 2019 and are propelled even higher as new buying comes in. Therefore, Investors can accumulate the stock at lower levels for medium term to long term gains. On the downside, the support comes in 1473/1201 levels. Breakout of 1201 would take the stock at 942 levels.

## 7. Buy HINDUNILVR around CMP (2140-2170) and on dips towards 1816 for target of 2565/2650



Personal Income tax cut would put more disposable income in the pockets of consumers thereby fuelling consumerism. Government's rural agenda hopes that it buoys consumer demand for the FMCG sector. Better agricultural output combined with urban middle class having more money in their pockets will help discretionary food categories. The stock has given a breakout from the upper trading range and witnessed bullish sign and/or uptrend is stalling at the upper-end of the trading range. It has been moving above its 200-DEMA since July 2010. Technically the outlook of the HINDUNILVR is likely to remain upbeat and if the stock holds up above the levels of 1650-1580, it can post huge upside in short term to medium term probably 2490/2565 or even 2650 levels. On the downside the current uptrend is getting weaker only if the stock trades below 1656/1477. Keeping in mind the above-mentioned observations, we suggest investors to buy/accumulate HINDUNILVR for medium term to long term gains.

## 8. Buy UPL around CMP (540-550) and on dips towards 474 for target of 644/709



The farm and rural sectors were allocated 2.83 trillion rupees, while the agriculture credit target for next year is set at 15 trillion rupees. A necessary step to change the incentive regime which encourages excessive use of chemical fertilizer which will benefit UPL Ltd. Also after testing an all-time high of 709.05 the UPL witnessed profit booking and lower level buying emerged at the low of 497.85 recently. This indicates there are more buying than selling in the stock. Breakout of 601 levels on monthly closing basis would invite the highly optimistic medium term to long term target of 709/726 levels on the upside. On the monthly chart, the stock has been trading above its long term 200 day WEMA since second week of Sep 2013. It is considered as a long term bullish continuation pattern. Overall we would remain positive bias on UPL and it can move towards 630/670 in medium term. On the downside, 497/446 will act as a strong short term to medium term support level for the stock.

## 9. Buy LT around CMP (1290-1310) and on dips towards 1190 for target of 1607/1690



Finance Minister Sitharaman in Budget 2020 unveiled plans for India's highways and railways proposing Rs 1.7 trillion (\$23.7 billion) for transport infrastructure that includes the accelerated development of highways and plans to monetize 12 lots of highway bundles. Key infrastructure player like Larson & Toubro look set to benefit. On weekly chart, LT at CMP is trading right at important support zone (1255-1272) formed through the bullish price channel and Fibonacci support for its recent rally. The stock is placed well above its long term Weekly Exponential Moving Average namely 200 days (1240), which support the uptrend argument and also going forward these average could act as a good long term support for the stock. Break out of 1607 levels would invite further buying and then the stock may face the upside targets of 1744 and 1834 levels in long term.

## 10. Buy SIEMENS around CMP (1490-1510) and on dips towards 1330 for target of 1822/1979



Siemens Limited focuses on the areas of electrification, automation and digitalization and also has its presence in healthcare sector. Announcement of new scheme for electronics manufacturing, mobile phone manufacturing, electronics components and semiconductor units will benefit Siemens Ltd. The government's overall focus on digital and technology has its imprints on healthcare sector as well. On the weekly chart, the stock has given a clear breakout from rounding bottom reversal pattern on third week of September 2019 which is a long term bullish continuation pattern. SIEMENS eventually approved the bullish breakout on the both weekly and monthly chart as new buying comes in. This suggesting SIEMENS is projected the long term target of 1822/1979 levels. On the lower side, the stock is placed well above its long term daily Exponential Moving Averages, namely, 100(1265) and 200(1191), which support the uptrend argument.

**Investment Note:** Investors are advised to buy and accumulate above recommended stocks for long term gains with holding period of 1-2 years. Also those who are having long term plan we recommend to apply SIP (Systematic Investment Plan) and invest above recommended stocks on monthly basis.



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