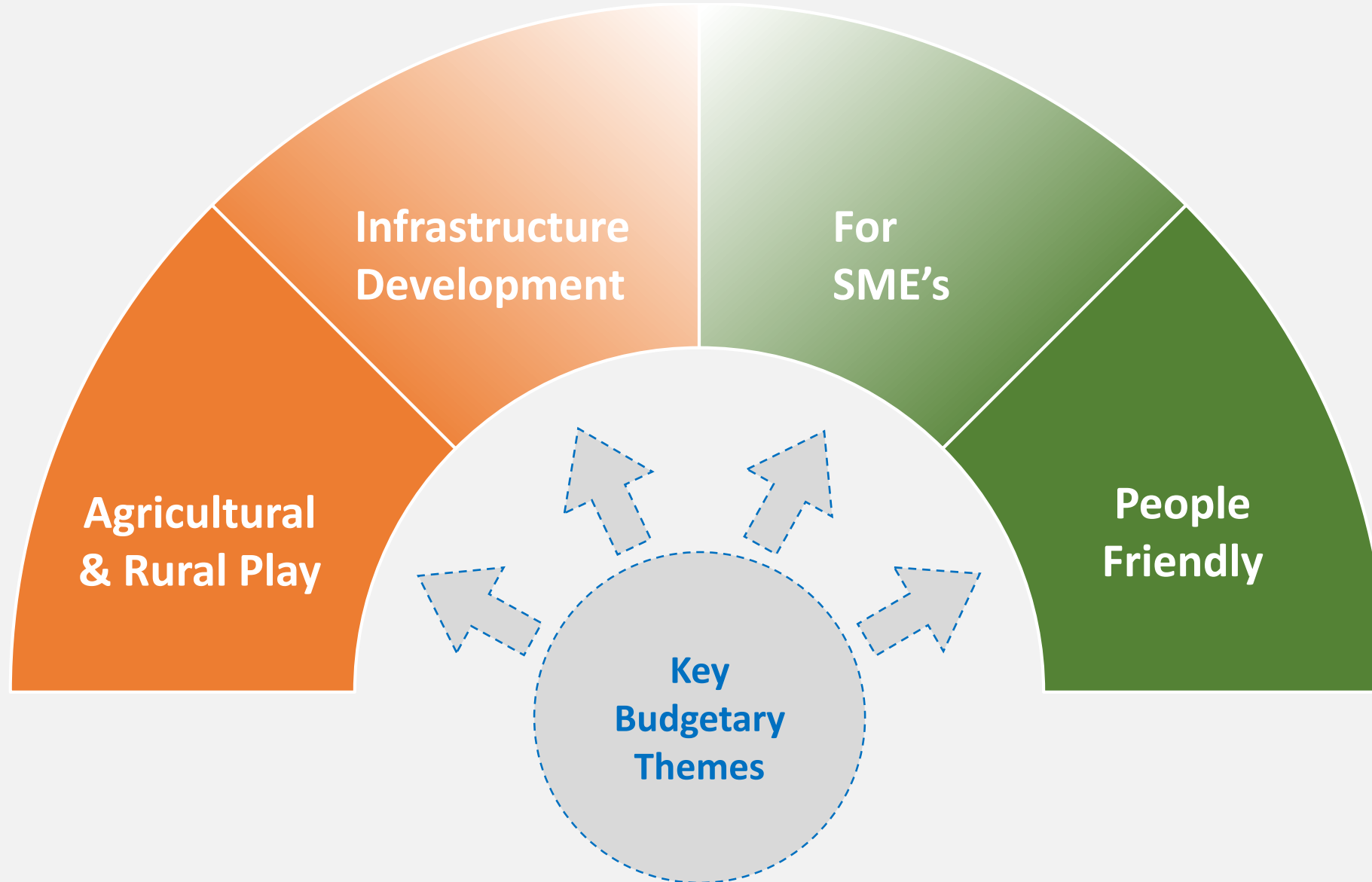


INTERIM BUDGET FY20



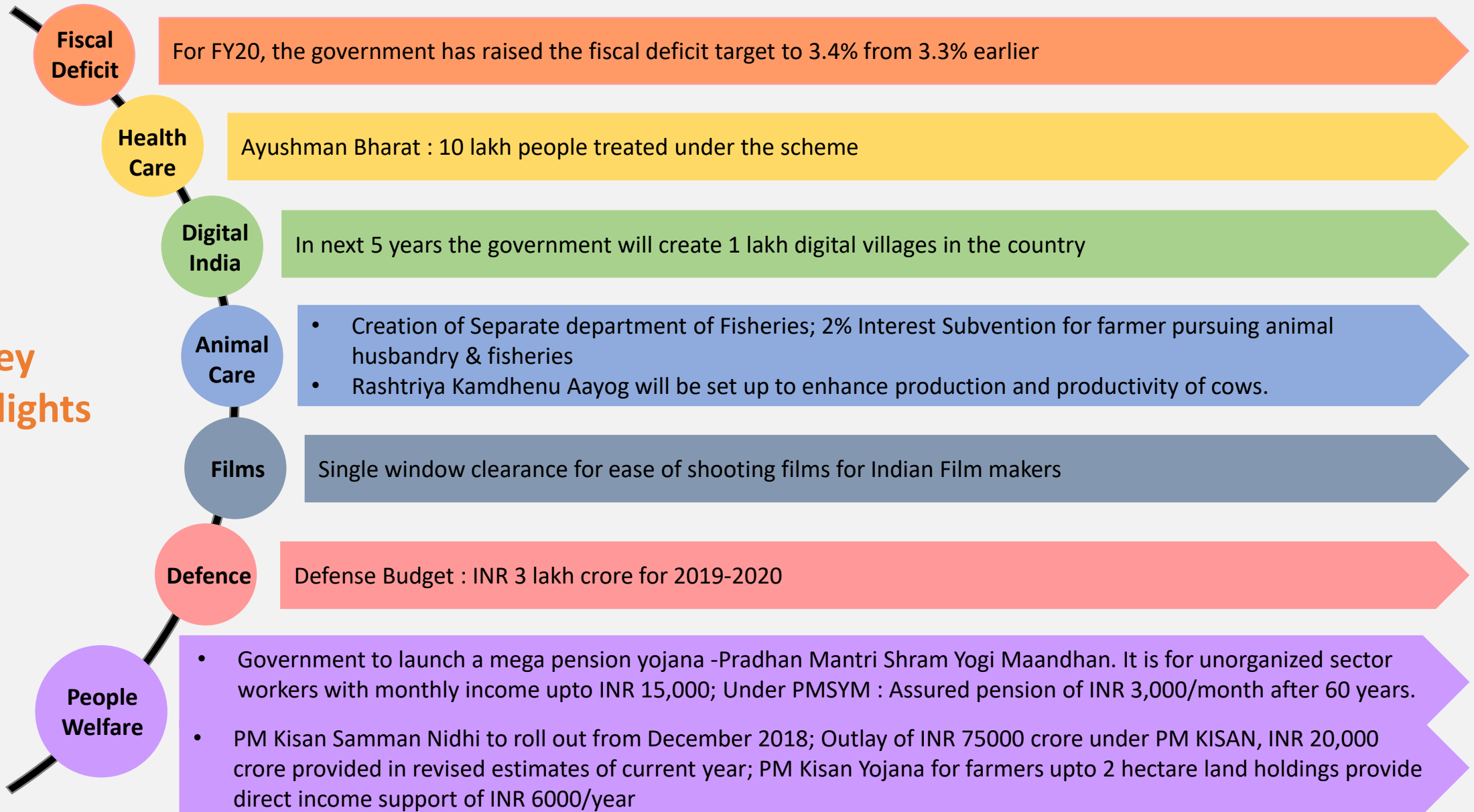
*A Master Stroke Budget for Growth & Prosperity
with a vision for future*

February 02, 2019





Key Highlights





Key Highlights

Tax Reforms for Middle Class Tax Payers

- Gratuity ceiling increased from INR 10 lakh to INR 20 lakh
- FY19-20 existing rates of Income Tax will continue
- Upto INR 5lakh per year full tax rebate is proposed to benefit 3 crore tax payers, almost 40% of tax payer base
- Standard Deduction raised from INR 40,000 to INR 50,000 for salary earners
- TDS Limit hiked from INR 10,000 to INR 40,000 on post office savings
- Affordable housing - 80IBA extended for one more year
- Tax exemption on notional rent for second self-occupied house

SME's

- SME's will get 2% interest rebate on incremental loan of INR 1 crores (GST registered).
- Businesses with less than INR 5 crore annual turnover, comprising over 90% of GST payers, will be allowed to file quarterly returns

Infra

- Pradhan Mantri Gram Sadak Yojana allocation is INR 19,000 crore in 2019-20 from INR 15000 crore last year
- Electricity for all householders to become a reality by 2019
- India's 22nd AIIMS hospital to be setup in Haryana state - FM
- 27km of Highways built every day; 100 operational airport's across the country
- Capital support of INR 64,587crore to Railways for FY20



Vision for
next 10
years

India to become **10 trillion economy** on the back of physical as well as social infrastructure upgradation. Thrust on roads, railways, seaports, airports, urban transport, gas & electric transmission and inland waterways

To create **Digital India**; poised to connect every corner of the country

Pollution free India through electric vehicles and energy storage devices. Bring down import dependence and ensuring energy security for our people

Make in India approach to develop grass-roots level clusters, structures and mechanisms encompassing the MSMEs, village industries and start-ups spread in every nook and corner of the country

Clean Rivers will provide safe drinking water to all Indians, sustaining and nourishing life. Efficient use of water in irrigation using micro-irrigation techniques

Sagarmala programme will be scaled up and will develop other inland waterways faster

Space programme – Gaganyaan, India to become the launch-pad of satellites for the World. Placing an Indian astronaut into space by 2022 reflects this dimension

Making India **self-sufficient in food**, exporting to the world to meet their food needs and producing food in the most organic way

Healthy society with an environment of health assurance through the support of necessary health infrastructure.

Team India: proactive and responsible bureaucracy which will be viewed as friendly to people.



Sectoral Measures & Impact

| Sector | Measures | Impact | Company |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Automobile and Auto Ancillaries Industries | The interim budget FY20 was more skewed towards farmers, middle class families, SMEs, unorganised labors, infrastructure, etc. The Finance Minister has provided direct as well as indirect benefits to these sections of the society, which we believe will boost the consumption. | The measures discussed, taken by the GoI would boost the consumption and most of the benefits is to uplift the hinterland of India. This would improve the cash in hands and could help to improve the demand for lower CC two-wheelers and passenger vehicles. | Hero MotoCorp, Bajaj Auto and Maruti Suzuki in the automotive industry to benefit. Minda Industries and Suprajit Engineering are out top picks in the auto ancillaries industry. |
| FMCG & Consumer Durable Industries | Tax rebate's, Interest subvention and pension income | The tax sops to the middle class families and benefits provided to farmers and SME class would improve the consumption and the spends on discretionary spends will too increase. We were already positive about the India's story of increasing consumption & discretionary spends and this budget would add more wings to these industries. The volume growth would see an uplift along with a gradual increase in the pricing of products | The ultimate beneficiaries are HUL, GCPL in the FMCG space. While our preferred pick in consumer durable industry are Havells India and Voltas. |
| Banking/NBFC/MFI Industries | Cash transfer and interest subvention | The measures like cash transfers and benefits to the farmers would improve the consumption theme and believe would be positive for micro finance lenders and auto financing NBFCs. The GoI also increased tax benefits on unsold inventories to two years from one year, this will reduce the stress on real estate developers. | Our top pick is the retail financier HDFC Bank. Secondly, as the asset quality trends are showing strong improvement, which would be very beneficial for SBI. All the rural micro finance companies will be benefitted. |



Sectoral Measures & Impact

| Sector | Measures | Impact | Company |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Real Estate | <ul style="list-style-type: none"> Threshold limit for TDS on rental income increased to INR 2.4 lakh/annum from INR 1.8 lakh/annum previously Notional rent applicable on second self-occupied house exempted Tax levied on notional rent on unsold real estate inventory increased to 2 years exemption period | Positive | Positive for DLF, Godrej properties, Oberoi reality and across the sector. |
| Media and Entertainment | Single window clearance for shooting films | Positive | Mukta arts, EROS, Balaji telefilms |
| Infrastructure & cement | Budgetary support for roads, railways, smart cities, and metro increased | Positive | All cement, capital goods and road construction companies to be in focus |
| Oil & Gas | <ul style="list-style-type: none"> No Hike in excise duty Provision for LPG subsidy increased | Positive | <ul style="list-style-type: none"> Positive for IOCL, HPCL and BPCL Positive for upstream/midstream companies |
| Fertiliser & Agrochem | Urea and nutrient based subsidy increased | Companies will receive payments on time | Coromandel, UPL, Rallis and other agrochem stocks to benefit |



Outlay on Major Schemes

| (INR Crores) | 2017-18 | 2018-2019 | 2019-2020 | YoY (%) |
|----------------------------------------------------------------------|---------|-------------------|------------------|---------|
| | Actuals | Revised Estimates | Budget Estimates | |
| Mahatma Gandhi National Rural Employment Guarantee Program (MNEREGA) | 55166 | 61084 | 60000 | -1.8% |
| Pradhan Mantri Gram Sadak Yojna | 16862 | 15500 | 19000 | 22.6% |
| Pradhan Mantri Awas Yojna (PMAY) | 31164 | 26405 | 25853 | -2.1% |
| Swachh Bharat Mission | 19427 | 16978 | 12750 | -24.9% |
| National Health Mission | 32000 | 31187 | 32251 | 3.4% |
| Smart Cities Mission | 9463 | 12569 | 13900 | 10.6% |
| Crop Insurance Scheme | 9419 | 12976 | 14000 | 7.9% |
| Income Support Scheme | - | 20000 | 75000 | 275.0% |
| Urea Subsidy | 44223 | 44995 | 50164 | 11.5% |
| Nutrient Based Subsidy | 22244 | 25090 | 24832 | -1.0% |
| Metro Projects | 13810 | 14865 | 17714 | 19.2% |
| Direct Benefit Transfer | 13097 | 16478 | 29500 | 79.0% |
| Budgetary support to Schemes of Ministry of Railways | 43418 | 53060 | 64587 | 21.7% |
| National Highways Authority of India | 23892 | 37321 | 36691 | -1.7% |

Source: www.indiabudget.gov.in



Budgetary Maths

| (INR Crores) | 2017-18 | 2018-2019 | 2019-2020 |
|----------------------------------|--------------|-------------------|------------------|
| | Actuals | Revised Estimates | Budget Estimates |
| Revenue Receipts | 14,35,233 | 17,29,682 | 19,77,693 |
| Capital Receipts | 1,15,678 | 93,155 | 1,02,508 |
| Total Receipts | 15,50,911 | 18,22,837 | 20,80,201 |
| On Revenue Account | 18,78,835 | 21,40,612 | 24,47,907 |
| On Capital Account | 2,63,140 | 3,16,623 | 3,36,293 |
| Total Expenditure | 21,41,975 | 24,57,235 | 27,84,200 |
| Fiscal Deficit | 5,91,064 | 6,34,398 | 7,03,999 |
| Fiscal Deficit (% of GDP) | 3.50% | 3.40% | 3.40% |

Source: www.indiabudget.gov.in



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