

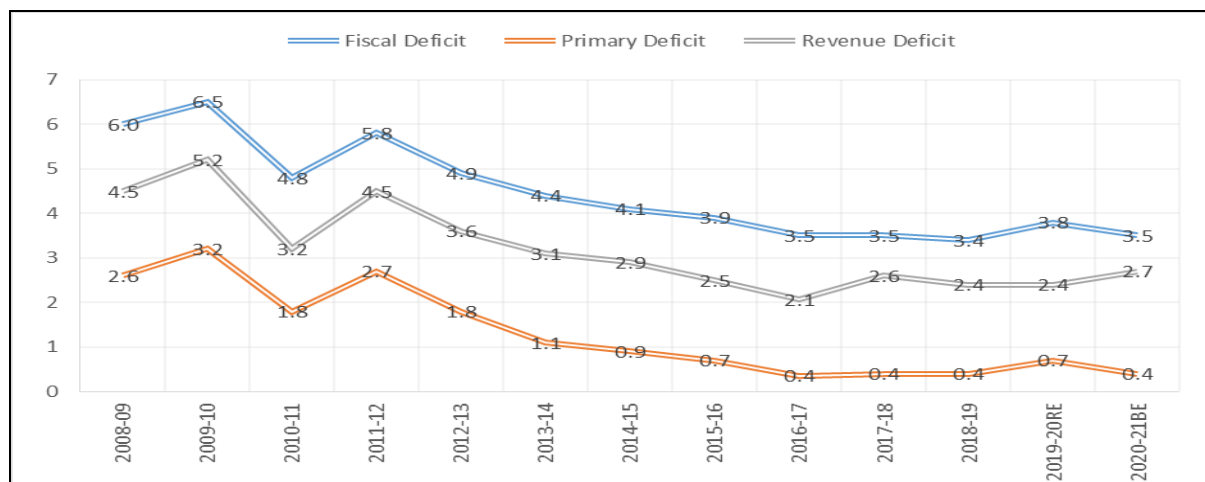


# BUDGET 2020

## POST BUDGET IMPACT ANALYSIS

- The latest Union Budget has been woven around 3 themes 1. Aspirational India 2. Economic development 3. Caring society.
- The FM has done well in abiding by the fiscal prudence principles for FY21. The fiscal deficit target for FY20 has been recalibrated to 3.8% of GDP compared to the Budgeted target of 3.3% of GDP. The deviation has been necessitated on account of the structural reforms such as reductions in corporation tax taken by the Government. The targets set by the FM by and large look achievable. But it will be crucial for her to stick to it for FY21; else the international rating agencies may not be happy about a second consecutive miss.
- For FY20, the 3.8% fiscal deficit target depends on achieving direct tax collections at Rs.11.7 lakh cr till March 2020 compared to Rs.7.3 lakh cr collected till Jan 25, 2020.
- After growing @7.5% in FY20, the nominal GDP is expected to grow at a rate of 10% in FY21 to Rs.2,24,89,420 crore.
- The FM has also continued the process of cleanup and making structural changes in the Budget without getting disillusioned by the negative political outcome of the previous measures. Other themes in the Union budget show a clear thrust towards improving the competitiveness of Indian businesses and Indian citizens while providing liquidity in the hands of individuals. Whether and how soon this will result in consumption revival will be interesting to watch.
- Interest rates may not come down in a hurry. Given the rising dependence of the Govt on National Small Savings fund (Rs.10.67 lakh cr borrowing in FY20RE vs Rs.8.80 lakh cr in FY19) and the absence of incentive to save in the alternative personal tax system proposed in the Budget, the Govt may not be able to afford to cut interest rates in a hurry. The transmission of interest rates in the economy may therefore take a little longer. Govt borrowings rose 18% in FY20 to Rs.766,846 cr and is projected to grow only 3.8% in FY21. However the Budget includes provisions to incentivize foreign investments in Infra projects.
- At the same time, a reasonably anchored gross bond supply, some visibility on a bond index inclusion plan and the underlying global environment where a global growth dynamic may be impacted with the Corona virus outbreak could mean that the interest rates may not rise much from here and we may see intermittent minor dips.
- From out of the eligible tax payers not many may opt for the new alternative system proposed as their net gain would either be miniscule or even negative. Hence the worry that inflows into savings or insurance monies may fall sharply looks misplaced.
- Disinvestment target of Rs.2.1 lakh crore for FY21 looks tall given that as per the FY20RE, we could end FY20 with divestment receipts of Rs.0.65 lakh cr vs the initial target of Rs.1.05 lakh cr. However the roll-over of the divestments of Air India, Concor, BPCL, SCI into FY21 and the proposed LIC and IDBI stake sale could help.
- Measures to attract foreign capital, undertake disinvestment (including LIC stake sale via an IPO), and offer relief to MSMEs are some of the green shoots. It remains to be seen if such announcements are backed by an equally robust execution.
- The Govt seems determined to dissuade outflows of foreign exchange by levying 5% TCS on remittance of over Rs.7 lakhs in a year and levying 5% TCS on travel agents who receives money for overseas tour packages. It also has raised customs duties / rationalised exemptions / concessions across categories; in the process it has dissuaded unnecessary imports and given protection to Indian businesses including MSMEs. It has levied health cess on imports of specified medical equipment to give an impetus to the domestic industry and to generate resources for health services.
- On the negative side one can argue that there is no meaningful stimulus to infrastructure, manufacturing, real estate and rural spends. Issues pertaining to unemployment and weakness in the financial system have not been addressed satisfactorily either. No elaboration on power reforms and lack of details in the Budget on privatization/divestment/monetization also disappointed.
- Real estate companies could be hit unintentionally as HRA deduction, section 80C deduction for home loan repayment and section 24 deduction for interest on borrowed monies for self occupied property would no longer be available for taxpayers who opt for the new personal tax scheme.
- The alternative tax system discourages investments which market participants do not seem to be comfortable with.
- The initial reaction of the equity markets to the Union Budget suggests a few disappointments. No abolition of LTCG, confusion about the impact of removal of DDT and taxing dividends in the hands of recipients and the alternative provided to individuals for lower rate of tax, provided they do not claim exemptions/deductions, all led to the initial knee jerk negative reaction.

- The abolition of dividend distribution tax and taxing dividends fully in the hands of the recipients will mean we could see a lot of companies preponing their dividend payments for FY20 before end of March 2020. Dividend paying Mutual fund schemes could also look at doing similarly.
- Whether the provisions of the Union Budget will succeed in reviving the much needed growth is not fully clear. International rating agencies may form an opinion on the rating of India based on their perception about how long the growth slowdown will continue. Foreign investors will look for signs of revival of growth before they commit funds to India in a big way. While the Economic Survey and the Budget documents make a mention of the economy having bottomed out, one will have to wait for the next few months to check whether that has happened.
- The markets will come over the effect of the Budget in the next few days and in case the corona virus situation stabilizes, we may even see a bounce in the markets in the near term.



Sr.No	Particulars	Rs Crore					% change		
		FY18 Actual	FY19 Actual	FY20BE	FY20RE	FY21BE	FY20RE vs FY19	FY20RE vs FY20BE	FY21BE vs FY20RE
1	Revenue Receipts (2+3)	1,435,233	1,552,916	1,962,761	1,850,101	2,020,926	19.14%	-5.74%	9.23%
2	Tax Revenue	1,242,488	1,317,211	1,649,582	1,504,587	1,635,909	14.23%	-8.79%	8.73%
	Gross Tax Revenue	1,919,009	2,080,465	2,461,195	2,163,423	2,423,020	3.99%	-12.10%	12.00%
	a. Corporation Tax	571,202	663,572	766,000	610,500	681,000	-8.00%	-20.30%	11.55%
	b. Taxes on Income	430,772	473,003	569,000	559,500	638,000	18.29%	-1.67%	14.03%
	c. Wealth Tax	63	41	-	-	-			
	d. Customs	129,030	117,813	155,904	125,000	138,000	6.10%	-19.82%	10.40%
	e. Union Excise Duties	259,431	231,982	300,000	248,012	267,000	6.91%	-17.33%	7.66%
	f. Service Tax	81,228	6,904	-	1,200	1,020			-15.00%
	g. GST	442,562	581,560	663,343	612,327	690,500	5.29%	-7.69%	12.77%
	-CGST	203,262	457,534	526,000	514,000	580,000			
	-IGST	176,688	28,945	28,000	-	-			
	-GST Compensation Cess	62,612	95,081	109,343	98,327	110,500			
	h. Taxes of Union Territories	4,721	5,592	6,948	6,884	7,500	23.10%	-0.92%	8.95%
	Less - NCCD transferred to the NCCF/NDRE	(3,515)	(1,800)	(2,480)	(2,790)	(2,930)	55.00%	12.50%	5.02%
	Less - State's share	(673,006)	(761,454)	(809,133)	(656,046)	(784,181)	-13.84%	-18.92%	19.53%
3	Non Tax Revenue	192,745	235,705	313,179	345,514	385,017	46.59%	10.32%	11.43%

	Interest receipts	13,574	12,145	13,711	11,027	11,042	-9.21%	-19.58%	0.14%
	Dividends and Profits	91,361	113,420	163,528	199,893	155,395	76.24%	22.24%	-22.26%
	External Grants	3,582	1,063	1,006	974	812	-8.37%	-3.18%	-16.63%
	Other Non Tax Revenue	82,338	107,187	132,784	131,525	215,465	22.71%	-0.95%	63.82%
	Receipts of Union Territories	1,890	1,889	2,149	2,094	2,303	10.85%	-2.56%	9.98%
<b>4</b>	<b>Capital Receipts</b>	<b>706,740</b>	<b>762,197</b>	<b>823,588</b>	<b>848,451</b>	<b>1,021,304</b>	<b>11.32%</b>	<b>3.02%</b>	<b>20.37%</b>
	a. Recoveries of loans and advances	15,633	18,052	14,828	16,605	14,967	-8.02%	11.98%	-9.86%
	b. Disinvestment Receipts	100,045	94,727	105,000	65,000	210,000	-31.38%	-38.10%	223.08%
	c. Debt Receipts	586,971	650,739	652,702	766,846	849,340	17.84%	17.49%	10.76%
	d. Draw-Down of Cash Balance	4,091	(1,321)	51,059	-	(53,003)	-100.00%	-	-
	<b>Total Receipts (1+4)</b>	<b>2,141,973</b>	<b>2,315,113</b>	<b>2,786,349</b>	<b>2,698,552</b>	<b>3,042,230</b>	<b>16.56%</b>	<b>-3.15%</b>	<b>12.74%</b>
<b>5</b>	<b>Revenue Expenditure</b>	<b>1,878,833</b>	<b>2,007,399</b>	<b>2,447,780</b>	<b>2,349,645</b>	<b>2,630,145</b>	<b>17.05%</b>	<b>-4.01%</b>	<b>11.94%</b>
<b>6</b>	<b>Capital Expenditure</b>	<b>263,140</b>	<b>307,714</b>	<b>338,569</b>	<b>348,907</b>	<b>412,085</b>	<b>13.39%</b>	<b>3.05%</b>	<b>18.11%</b>
	a. Interest Payments	528,952	582,648	660,471	625,105	708,203	7.29%	-5.35%	13.29%
	b. Pension	145,745	160,211	174,300	184,147	210,682	14.94%	5.65%	14.41%
	c. Defence	276,572	290,802	305,296	316,296	323,053	8.77%	3.60%	2.14%
	d. Agriculture and Allied Activities	52,628	63,259	151,518	120,835	154,775	91.02%	-20.25%	28.09%
	e. Rural Development	134,973	132,803	140,762	143,409	144,817	7.99%	1.88%	0.98%
	f. Transport	110,399	143,626	157,437	158,207	169,637	10.15%	0.49%	7.22%
	g. Subsidies	191,210	196,769	301,694	227,255	227,794	15.49%	-24.67%	0.24%
	h. Transfer to States	107,501	119,144	155,447	155,447	200,447	30.47%	0.00%	28.95%
	h. Others	593,993	625,851	739,424	767,851	902,822	22.69%	3.84%	17.58%
<b>7</b>	<b>Total Expenditure (5+6)</b>	<b>2,141,973</b>	<b>2,315,113</b>	<b>2,786,349</b>	<b>2,698,552</b>	<b>3,042,230</b>	<b>16.56%</b>	<b>-3.15%</b>	<b>12.74%</b>
<b>8</b>	<b>Revenue Deficit (5-1)</b>	<b>443,600</b>	<b>454,483</b>	<b>485,019</b>	<b>499,544</b>	<b>609,219</b>	<b>9.91%</b>	<b>2.99%</b>	<b>21.96%</b>
		2.60%	2.40%	2.30%	2.40%	2.70%	0.00%	0.10%	0.30%
<b>9</b>	<b>Fiscal Deficit [7-(1+4a+4b)]</b>	<b>591,062</b>	<b>649,418</b>	<b>703,760</b>	<b>766,846</b>	<b>796,337</b>	<b>18.08%</b>	<b>8.96%</b>	<b>3.85%</b>
		3.50%	3.40%	3.30%	3.80%	3.50%	0.40%	0.50%	-0.30%
<b>10</b>	<b>Primary Deficit (9-6a)</b>	<b>62,110</b>	<b>66,770</b>	<b>43,289</b>	<b>141,741</b>	<b>88,134</b>	<b>112.28%</b>	<b>227.43%</b>	<b>-37.82%</b>
		0.40%	0.40%	0.20%	0.70%	0.40%	0.30%	0.50%	-0.30%

The following table analyses the sectoral impact of the budget announcements and impact on stocks under our coverage:

Sector	Announcement	Impact on Sector/Company
<b>Agrochemical, Paper, Fertiliser</b>	Agriculture and allied activities, Irrigation and Rural Development - an allocation of about Rs2.83 lakh crore has been made for the year 2020-21.	Positive for seed, fertilizer and agro chemical manufacturers like Coromandel.
	Government shall encourage balanced use of all kinds of fertilizers including the traditional organic and other innovative fertilizers. This is an important step to change the prevailing incentive regime, which encourages excessive use of chemical fertilisers.	The Government's push could benefit Fertiliser companies, like Coromandel International, GSFC.
	Government has proposed to cut the import duty on newsprint, coated paper & uncoated paper to 5% from 10% for actual users i.e. newspaper or magazine publisher.	Negative for the Paper & newsprint manufacturers including TNPL.
	Import duty on sprinklers, drip and micro irrigation items raised from 5% to 7.5%	Local manufacturers could benefit, while farmers could face higher costs.
<b>Automobiles</b>	Increased custom duty on imports of battery-powered vehicles. Completely built electric CV from 25% to 40%, semi knocked down PV and 3W from 20% to 30%, semi knocked down electric buses, trucks and 2W from 15% to 25% and with internal	The move may lead to a cost increase for electric vehicle makers who import their vehicles as completely-built units or as knocked-down kits and provide protection to domestic manufacturers.

	combustion engine from 30% to 40%	
	increase customs duty from 5% to 7.5% on parts used to manufacture catalytic converters	Cost for vehicle manufacturers could increase marginally.
<b>Aviation</b>	The government plans to set up 100 more airports by 2024 to support the UDAN Scheme.	Due to lower operating costs and smaller sizes, this can enable rapid growth of air transportation amongst these newly formed airports.
	Levying 5% TCS on travel agents who receives money for overseas tour packages.	Negative for Aviation companies like Indigo, Spicejet.
	Levying 5% TCS on outward foreign currency remittance of over Rs.7 lakhs in a year	Negative for Aviation companies like Indigo, Spicejet.
<b>BFSI</b>	FPI limit in corporate bonds increased from 9% to 15%	NBFCs and other corporates would be able to raise higher amounts through the bond market like Cholamandalam Investment, M&M Finance, Shriram Transport Finance.
	Amendments to be made to enable NBFCs to extend invoice financing to MSMEs	Will give a boost to NBFCs loan book.
	Specified categories of Government securities would be opened fully for domestic as well as non-resident investors	Enable deepening of the G-Sec market.
	Bank Deposit guarantee raised to Rs 5 lakh from the current Rs 1 lakh	Mildly positive for banks as depositors might be comfortable to keep a higher balance.
	Agri credit target set up at Rs 15 lakh cr for FY21 vs Rs.12 lakh cr in FY20.	Banking sector could come under pressure as agriculture credit comes under priority sector lending and possibility of slippages may rise.
	No capital infusion for PSU Banks	Negative for PSU Banks as they would now have to approach markets for capital requirements. However, lower Government stake could result in better capital utilization.
	NABARD refinance scheme will be expanded	MFI and SFB opting for lower cost NABARD funds and operating in agri-credit space like Ujjivan Financial could benefit.
	Asset size of NBFCs to be eligible for debt recovery under the SARFAESI Act 2002 is proposed to be reduced from Rs 500 crore to Rs 100 crore	More NBFCs can utilize the benefits of this Act.
	Scheme to provide subordinate debt for entrepreneurs of MSMEs by Banks	Debt provided by banks would count as quasi equity and would be fully guaranteed through the Credit Guarantee Trust for Medium and Small Entrepreneurs (CGTMSE).
	Loan sanction for availing deduction of interest paid on loans taken for purchase of an affordable house extended by 1 year	Positive for housing finance companies
<b>Capital Goods</b>	Allocation of Rs 1.1 lakh crore for modernisation and buying new weapon systems for defence forces (increase of Rs 10,340 crore)	Could benefit companies involved in defence like L&T.
	Replace conventional energy meters by pre-paid smart meters in 3 years	Smart meters manufacturing companies like Siemens to benefit.
	Approved Rs 3.6 lakh crore for Jal Jeevan Mission to provide piped water to all household. Rs 11,500 crore to be provided in FY21	Positive for companies manufacturing, laying pipes and other EPC businesses like Supreme Inds.
	148 km long Bengaluru Suburban transport project at a cost of Rs 18,600 crore	Positive for companies like L&T, NCC, J. Kumar.
<b>Cement</b>	Accelerated highways development programme that includes 9,000 km of economic corridor and 2,500 km of access-controlled highways. Besides, 2,000km each of coastal roads and strategic highways will be constructed. Delhi-Mumbai Expressway and two	To drive higher consumption of cement. Positive for the entire sector.



	other packages would be completed by 2023 . Chennai-Bengaluru Expressway would also be started.	
	148 km long Bengaluru Suburban transport project at a cost of Rs 18,600 crore	Positive for South based cement companies like Ramco Cement, Orient Cement.
	Develop five new smart cities in collaboration with States in PPP mode.	Positive for cement sector as a whole.
<b>Chemicals</b>	Anti-dumping duty on Purified Terephthalic Acid (PTA), Medium Quality Terephthalic Acid (MQTA) and Qualified Terephthalic Acid (QTA), used in production of high-performance multipurpose plastics, has been abolished for imports from china, Indonesia, Taiwan, Iran, Malaysia, Korea and Thailand.	Manufacturers of PTA, MQTA and QTA like Reliance will be negatively impacted while users of PTA will benefit.
<b>Consumer Durables</b>	Basic customs duty on tableware, kitchenware and other household articles increased from 10% to 20%	Companies would most likely pass on this cost and it would increase the cost for consumers.
	Basic customs duty on compressors of refrigerators and air-conditioners increased from 10% to 12.5%	
	Increased basic customs duty on various categories of fans & other electrical appliances	Costs for domestic manufacturers who import these appliances will go up. Local manufacturers to benefit marginally.
<b>FMCG/Retail</b>	Customs duty on imported footwear has been hiked from 25% to 35% and on parts utilised to make footwear customs duty has been hiked from 15% to 20%.	There is a significant increase in imports of undervalued and cheap footwear. Hike in the duty will help address the issue of price competition. It would benefit the companies like Bata india.
	On furniture goods such as seats, mattress support, articles of bedding, and lamps and lighting fittings, the import duty has been increased to 25% from the current 20%.	Hike in duty on furniture goods will provide push to domestic manufacturers to enhance 'Swadeshi' products. This move will allow Indian furniture products to find space in the global retail shelf and also meet the burgeoning domestic demand by leveraging its potential.
	Increase in Excise duty on cigarettes and tobacco products.	This will impact ITC and other cigarette companies, however the extent of pass through and volume impact is uncertain at this point.
	Import duty on precious stones and gems raised from Nil to 0.5%	Could increase cost of jewellery impacting demand marginally.
<b>Healthcare</b>	Government provided for the health sector about Rs 69,000cr that is inclusive of Rs 6400cr for Prime Minister Jan Arogya Yojana (PMJAY). Presently, under PMJAY, there are more than 20,000 empanelled hospitals. Now Government is looking more in Tier-2 and Tier-3 cities for poorer people under this scheme.	Positive for the Healthcare Sector.
	Government is looking to expand Jan Aushadhi Kendra Scheme to all districts offering 2000 medicines and 300 surgicals by 2024 and to eradicate Tuberculosis by 2025.	Positive for the sector including Thyrocare Technologies.
	Government has proposed to impose a nominal health cess of 5% on import of specified medical equipment to boost the domestic medical devices sector and generate resources for health services	Positive for the domestic surgical and medical devices and equipment manufacturers.
<b>Infrastructure / Real estate</b>	Rs 1.7 lakh crore has been provided for transport infrastructure in 2020-21. 150 trains will run under the public private partnership (PPP) mode. Four stations will be redeveloped with the help of the private sector.	Positive for companies like BEML, Engineers India, PNC Infra.
	Government has proposed to develop five new smart cities in collaboration with States in PPP mode.	Positive for companies like BEML, Ashoka Buildcon, Siemens.

	For achieving the goal of 'Housing for All' and affordable housing, Government decided to extend the date of approval of affordable housing projects for availing this tax holiday by one more year.	Tax holiday extension by one more year in affordable housing projects could create more housing demand and it is positive for Real Estate.
	The Government is committed to support the all-round development of the newly formed Union Territories of J&K and the Union Territory of Ladakh. Accordingly, an amount of Rs 30,757cr and Rs 5,958cr has been provided for the FY 2020-21, respectively.	Positive for the companies active in these areas.
	Delhi-Mumbai Expressway and two other packages would be completed by 2023. Chennai-Bengaluru Expressway would also be started.	Positive for companies involved in road construction.
	Accelerated development of highways will be undertaken. This will include development of 2500 Km access control highways, 9000 Km of economic corridors, 2000 Km of coastal and land port roads and 2000 Km of strategic highways	Better connectivity through roads and highways would foster growth in logistic sector. Beneficial to all companies in the long-run.
	100 more airports to be developed by 2025 to support UDAN scheme.	Positive for infrastructure companies like Ahluwalia Contracts
	HRA deduction, section 80C deduction for home loan repayment and section 24 deduction for interest on borrowed monies for self occupied property would no longer be available for taxpayers who opt for the new personal tax scheme.	Negative for real estate companies like DLF, Brigade , Mahindra Lifespace.
<b>IT/E Commerce</b>	Government has proposed to remove the DDT and adopt the classical system of dividend taxation under which the companies would not be required to pay DDT. The dividend shall be taxed only in the hands of the recipients at their applicable rate.	Positive for the high dividend paying companies like TCS, Infosys, etc.
	Focus on new-age skills like Artificial intelligence, Internet-of-Things (IoT), 3D printing, drones, DNA data storage, quantum computing, which are valued highly both within and outside the country. Government could bring out soon a policy to enable private sector to build Data Centre parks throughout the country.	Positive for Broadband Service providers and suppliers of hardware for these.
	Government has proposed a scheme to encourage manufacturing of cell phones, semiconductors, and other electronic devices. Details will be announced later.	
<b>Logistics</b>	Setting up efficient warehouses, in line with Warehouse Development and Regulatory Authority (WDRA) norms through Viability Gap Funding at the block/taluk level. This can be achieved, where States can facilitate with land and are on a PPP mode.	
	To build a seamless national cold supply chain for perishables, inclusive of milk, meat and fish, the Indian Railways will set up a "Kisan Rail" – through PPP arrangements. There shall be refrigerated coaches in Express and Freight trains as well.	
	A National Logistics Policy will be released which will clarify the roles of the Union Government, State Governments and key regulators. It will create a single window e-logistics market and focus on generation of employment, skills and making MSMEs competitive.	Effective implementation of the policy would help provide an impetus to trade and enhance export competitiveness.
	In order to improve the efficiency of sea-ports, a governance framework keeping with global benchmarks will be put in place. This government would consider corporatizing at least one major port and subsequently its listing on the stock exchanges.	
<b>Metal</b>	Basic Custom Duty (BCD) on tin plates, Sheets, and Strip, of thickness exceeding 0.2mm, Lead bars, rods profiles wires increased from 5% to 10%	Will hit the users of tinplate and lead and on the other hand benefit domestic manufacturers.
	Basic customs duty cut on Calcined Petroleum Coke from 10% to 7.5%	This will reduce cost of manufacturing Aluminium and steel.

<b>Oil and Gas</b>	National Gas Grid to be expanded from 16,200 km to 27,000 km. To strengthen gas market in India, reform will be undertaken to facilitate transparent price discovery and ease of transactions.	This move will help gas transmission and distribution companies like GAIL, GSPC, Gujarat Gas, IGL, and Mahanagar Gas.
	Basic Custom duty on a new category of bunker Fuel 'Very Low Sulphur Fuel' reduced from 10% to Nil	Local refiners could be disadvantaged by this move.
<b>Power &amp; Utilities</b>	Provided Rs 22,000 crore to power and renewable energy sector in FY21 vs Rs 5,000 crore allowance for Ministry of New and Renewable Energy in the last three years	Companies involved in renewable energy EPC/generation to benefit.
	PM-KUSUM Yojana expanded to 20 lakh farmers for setting up stand-alone solar pumps	Beneficial for solar pump manufacturers.
	Setting up a large solar power capacity alongside the rail tracks	Solar EPC companies to benefit.
	Extend the concessional corporate tax rate of 15% to new domestic companies engaged in the generation of electricity.	Power generation companies like NTPC setting up new power companies to benefit.
	Basic customs duty on specified goods required in high voltage transmission project increased from 5% to 7.5%.	Cost of setting up of transmission network to rise while giving protection to domestic manufacturers.
<b>Telecom</b>	Import duty on Solar cells (not assembled) or solar cells (assembled in modules) raised from 0% to 20%.	Cost of setting up solar energy project to rise.
	Linking 100,000 gram panchayats with fibre-to-home internet connectivity in 2020-21 through telecom infrastructure provider BharatNet. Proposal to provide Rs 6000 crore to Bharatnet programme in 2020-21.	A move that will boost regional language content streaming, audio and video, in India's small towns.
	Telecom revenues (including AGR) are estimated to grow from Rs.0.59 lakh cr in FY20 RE to Rs.1.33 lakh cr in FY21.	Will impact cashflows of individual companies based on demands implemented by the Govt/Supreme court.
<b>Textiles</b>	Import duty on components of mobile phones like PCB, charger, adapter raised from 0-15% to 10-20%.	Mobile phones can become costlier, impacting mobile service demand marginally.
	National Technical Textiles Mission is proposed with a four-year implementation period from 2020-21 to 2023-24 at an estimated outlay of Rs 1480 cr. India imports significant quantity of technical textiles worth US\$ 16 billion every year.	Positive for the companies involved in this business.
<b>Tourism</b>	Allocated Rs 2,500 crore for tourism promotion.	Mildly positive for hotels
	Levying 5% TCS on travel agents who receives money for overseas tour packages.	Negative for tour operators
	Levying 5% TCS on outward foreign currency remittance of over Rs.7 lakhs in a year.	Negative for tour operators
	Exemption of LTA not available if taxpayer opts for new personal tax regime.	Negative for Railways, tour operators and hotels



Contributed by: The entire Retail Research team

**Disclaimer:**

This report has been prepared by HDFC Securities Ltd and is meant for sole use by the recipient and not for circulation. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. This document is for information purposes only. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this document is not, and should not be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk.

It should not be considered to be taken as an offer to sell or a solicitation to buy any security. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Binkle R. Oza Email: [complianceofficer@hdfcsec.com](mailto:complianceofficer@hdfcsec.com) Phone: (022) 3045 3600

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193