



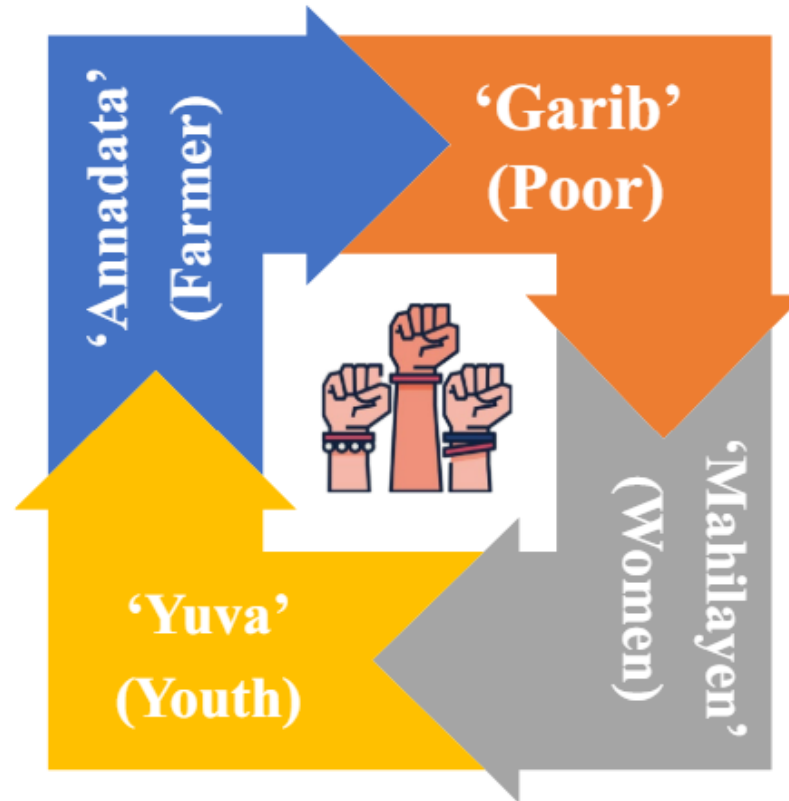
Union Budget July 2024



SEBI Registered Investment Advisor (Registration No: INA000016348)
SEBI Registered Portfolio Manager (Registration No: INP000008206)

Budget Focus

Focus on 4 major castes

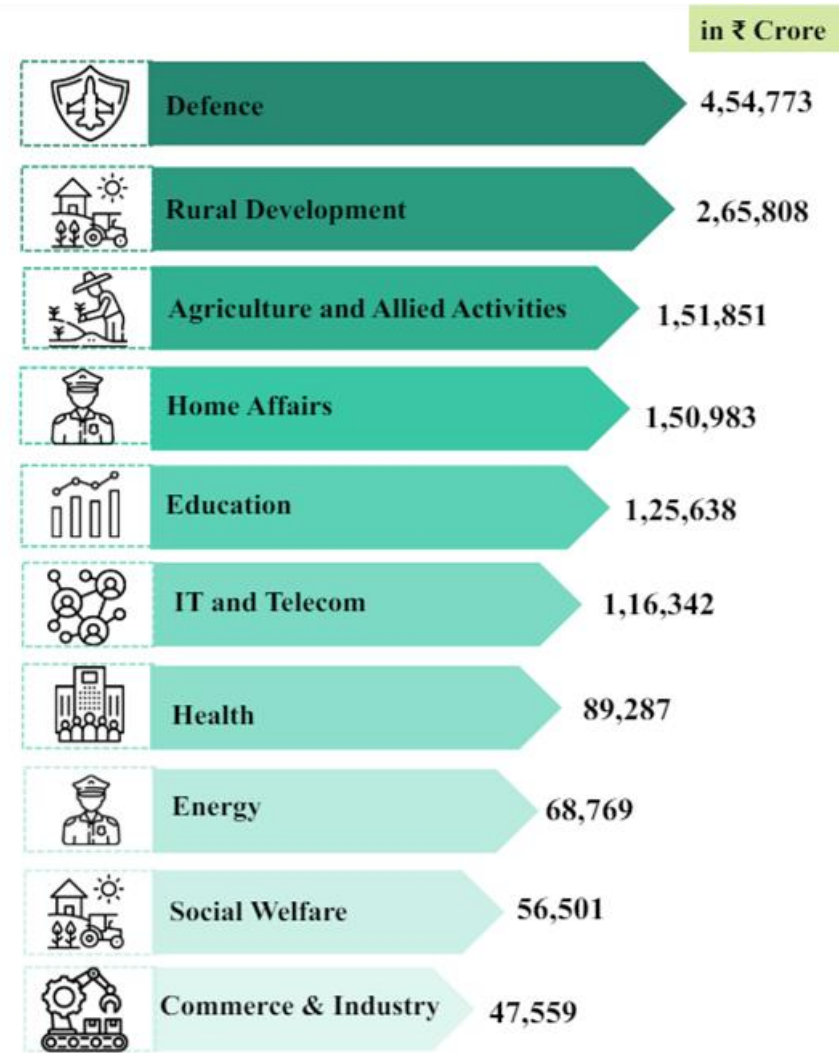


Nine priorities in the Budget

- 1) Productivity and resilience in Agriculture
- 2) Employment & Skilling
- 3) Inclusive Human Resource Development and Social Justice
- 4) Manufacturing & Services
- 5) Urban Development

- 6) Energy Security
- 7) Infrastructure
- 8) Innovation, Research & Development
- 9) Next Generation Reforms

Expenditure of Major Items



Budget Highlights

- India's inflation continues to be low, stable and moving toward the target inflation rate of 4%
- Top 4 priorities are empowering Poor, Women, Youth and farmers
- Rs 1.48Lakh crore for education, employment and skilling
- Rs 2 lakh crore package for 5 schemes to benefit 4.1cr youth
- Rs 1.52L crore for Agriculture and allied sectors
- Medical colleges, sport infrastructure, airports and road connectivity in Bihar
- Rs 26,000cr on expressways, highways in Bihar
- 3cr additional houses under PM Awas Yojna in Rural and Urban Areas
- Rs 2.66 lakh crore for Rural development including rural infrastructure
- MSME: Credit guarantee scheme in manufacturing sector. The scheme will operate in pooling of corporate risks of such MSME

Budget Highlights

- PM Awas Yojna in urban sector will address 1 cr housing needs with an investment of Rs 10L crores
- Water Supply, sewage treatment and solid waste management projects in partnership with States
- PM Suryaghar Muft Bijlee Yojna launched to install rooftop solar panels to enable 1 crore houses, to get free 300 units of electricity free ever month. Received 1.2cr application
- FY25 Capex outlay of Rs 11.11 Lakh crores which is 3.4% of GDP
- Fiscal Deficit is projected to be 4.9% of GDP compared to 5.1% in the Interim budget. Aims to reduce deficit to 4.5% of GDP next year
- Net tax receipts are estimated at Rs 25.83L crore.
- Propose to reduce Basic Custom Duty on certain brood stock, shrimp and fish feed to 5%
- Customs duty on gold and silver decreased to 6%

Budget Highlights

- Capital Gains tax- STCG increased to 20% on certain assets, LTCG increased to 12.5%
- Limit of LTCG exemption increased to Rs 1.25 Lakh
- STT on futures increased to 0.02% from 0.01% and for options increased to 0.1% from 0.06%
- Standard deduction proposed to increase from Rs 50,000 to Rs 75,000
- Personal Income Tax rates revised:
 - 0-3L: 0%
 - 3-7L: 5%
 - 7-10L: 10%
 - 10-12L: 15%
 - 12-15L: 20%
 - 15L+: 30%

Tax Structure

ALL LISTED ASSETS

	Earlier STCG	Now STCG	Holding Period	Holding Changed?	Earlier LTCG	Now LTCG
Stocks	15%	20%	12 months	No	10%	12.50%
Equity Mutual Funds	15%	20%	12 months	No	10%	12.50%
Debt and non-Equity MFs	Slab rate	Slab rate	N/A	Yes, earlier same for STCG & LTCG	Slab rate	Slab rate
Bonds (Listed)	Slab rate	20%	12 months	No	10%	12.50%
REITs/InvITs	15%	20%	12 months*	Yes, earlier 36	10%	12.50%
Equity FoFs*	Slab rate	20%	N/A	Yes, earlier same for STCG & LTCG	Slab rate	12.50%
Gold/Silver ETF	Slab rate	20%	12 months	Yes, earlier same for STCG & LTCG	Slab rate*	12.50%
Overseas FoFs	Slab rate	Slab rate	24 months	Yes, earlier same for STCG & LTCG	Slab rate	12.50%
Gold Funds	Slab rate	Slab rate	12 months	Yes, earlier same for STCG & LTCG	Slab rate	12.50%

Note: Annual LTCG exempt amount hiked from ₹1 lakh to ₹1.25 lakh for stocks and equity MFs

ALL UNLISTED ASSETS

	Earlier STCG	Now STCG	Holding Period	Holding Changed?	Earlier LTCG	Now LTCG
Real Estate (Physical)	Slab rate	Slab rate	24 months	No	20%**	12.50%
Bonds (Unlisted)	Slab rate	Slab rate	24 months	Yes, earlier same for STCG & LTCG	Slab rate	Slab rate
Physical Gold	Slab rate	Slab rate	24 months	Yes, earlier 36	20%**	12.50%
Stocks (Unlisted)	Slab rate	Slab rate	24 months	No	20%**	12.50%
Foreign equities/debt	Slab rate	Slab rate	24 months	No	20%**	12.50%

*Other than those investing 90% in equity ETFs

** With indexation

Those investing in funds with at least 65% equity

All changes effective for assets sold after 23rd July 2024

mint

Clear Winners

- Rural Focussed Players
 - FMCG/Consumer Sector
 - Automobile (Two wheelers/ Tractors)
 - Fertilizers
- EPC Players
 - Large thrust on Infrastructure
 - Strong Fiscal Support for Infra over the next 5 years, the government has provided Rs 11.11L CRs for capital expenditure in FY25 alone
 - Provision to states of 1.5L CRs as long-term interest free loans has been made this year to support the states in their resource allocation
 - Promoting water supply, sewage treatment and solid waste management projects
 - Flood Mitigation will be done by providing 11,500 CRs for states that are affected with floods every year.
- Housing Finance Players esp Affordable Housing Finance Companies
 - Central assistance of 2.2 lakh crs (out of an investment of 10 lakh crs) over next 5 years under PM Awas Yojana

Clear Winners

- MSME focussed NBFCs:
 - Raising limits for Mudra loans from 10L to 20L
 - Credit guarantee scheme for manufacturing sector
- Digital Public Infrastructure players:
 - Government's thrust on building population scale DPI (Digital Public Infrastructure) in Agriculture and across many other sectors (Credit, e-commerce, MSME, Education)
- Geospatial Mapping:
 - Companies with government's focus on digitising urban land records with GIS mapping
- Gold and Jewellery companies:
 - Reducing custom duty on gold & precious metals from 10% to 6%
 - Safe harbor rates for foreign mining companies selling rough diamonds in India
- Power Sector:
 - Advance Ultra Super Critical (AUSC) thermal power plant of 800 MW
 - Bharat Small Reactors
 - PM Surya Muft Bijlee Yojana to enable households obtain free electricity upto 300 units/month

Clear Losers

- Real Estate Players
 - Earlier long term capital gains on property were taxed at 20% (with indexation).
 - You were able to adjust your purchase price to inflation and then pay tax
 - Now LTCG (long term capital gains) is proposed at 12.5%, but without Indexation benefit
 - This could be a huge blow to real estate investors as they would prefer other assets classes.
 - Clarity required if this affects redevelopment projects in cities like Mumbai
- Gold Loan Companies
 - Gold set to become cheaper as custom duty slashed to 6%
 - With custom duty being reduced, gold prices will fall and hence the loan amount that a person borrows reduces
 - The value of collateral needs to be reassessed to ensure sufficient cover

Probable Winners

- Brokerage Stocks
 - Street was also expecting a few changes in tax structure for gains from Derivatives.
 - STT increase to 0.02% vs. 0.01% earlier will be a mild negative
- Microfinance Industry
 - Rural focus of the Budget
- EMS players:
 - Thrust on local manufacturing and jobs creations
- Chemical Industry:
 - Thrust to manufacturing
 - Reduced duties on certain chemicals
- Building Materials
 - 1 CR urban houses under PM Awaas Yojana
 - Boost to infrastructure & rural development.

Probable Winners

- Pesticides and Agro Chemicals
 - Agri and rural focus in the budget
- Staffing
 - Employment and skilling is one of the Nine Priorities in the Budget
 - 4.1 CR Jobs to be created in the next 5 years with an allocation of Rs 2.1 Trillion
- Cigarette
 - No change in Tax structure
 - Sector will take a sigh of relief
- Tourism
 - Likely to be given infrastructure self status
 - Repeated mention in the FM speech with specific locations such as Odisha, Nalanda, Gaya etc
- Retailing
 - Raising IT Limits- Putting more money in the hands of the middle class
 - 4.1 Cr new jobs will create a huge consumption power house

Market outlook Post Budget

- Certain sectors had run up expecting a higher allocation to:
 - Defence
 - Railways
 - Power
 - Roads and Highways
 - However the allocation to these sectors remain unchanged at Interim Budget levels
- We expect some sector rotation of Fund allocation to hitherto neglected sectors
- Nifty today trades at 18-19x FY26 EPS estimates and may attract attention based on relative valuations.
- FII (foreign institutional investors) have turned aggressively positive in the month of July '24 having pumped in Rs 21665 crs till date this month in the secondary markets
- We expect Large caps to outperform Mid & Small cap stocks for the next few months as the hit on capital gains tax is absorbed.

How do we position ourselves

- Positive on
 - Cyclicals
 - Rural focussed sectors - FMCG, Microfinance
 - IT and Technology stocks - we expect growth to bottom out in FY25
 - New age companies
- We are cautious on
 - Defence
 - Real Estate
 - Certain pockets of PSUs



Thank You

DISCLAIMER

This presentation is intended for internal use and may contain confidential information that belongs to the sender and/or legally privileged information that is protected by the attorney-client privilege. If you are not the intended recipient of this communication, you must not disseminate copy or take any reliance on it. If you have received this message in error please notify the sender immediately, to arrange the return of the document. This document is not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person. The manner of circulation and distribution of this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves of, and to observe, such restrictions. This material is for the personal information of the authorized recipient, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. No person associated with Citrus Advisors is obligated to call or initiate contact with you for the purposes of elaborating or following up on the information contained in this document. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon. Neither Citrus Advisors., nor any person connected with it, accepts any liability arising from the use of this document. The recipient of this material should rely on their own investigations and take their own professional advice. Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. We and our affiliates, officers, directors, and employees world wide, including persons involved in the preparation or issuance of this material may; (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of 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 may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender / borrower to such company(ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. The same persons may have acted upon the information contained here. No part of this material may be duplicated in any form and/or redistributed without Citrus Advisors' prior written consent. No part of this document may be distributed in India or abroad. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.