Union Budget FY24-25 Analysis

July 2024

Budget: Key takeaways

- FY25 Union budget has balanced well - elevated Capex, employment generation, agriculture & rural development, and fiscal consolidation
- Key financial highlights of the budget are - 16% growth in receipts & 7% growth in expenditure, leading to a fiscal deficit of Rs16.1 lakh cr, Rs5.5 lakh cr of non-tax revenues, Rs50,000 cr of divestment-related revenues & revenue expenditure growth of 6% & Capex growth of 17%. Growth rates on FY24RE
- 13% increase in direct taxes (up 12% corporate tax & up 14% personal taxes), 8% increase in indirect taxes & upward revision of non-tax revenues (due to incremental Rs1.3 lakh crore transfer of surplus by RBI)

Source: Ministry of Finance, KIE report dated 24th July 2024

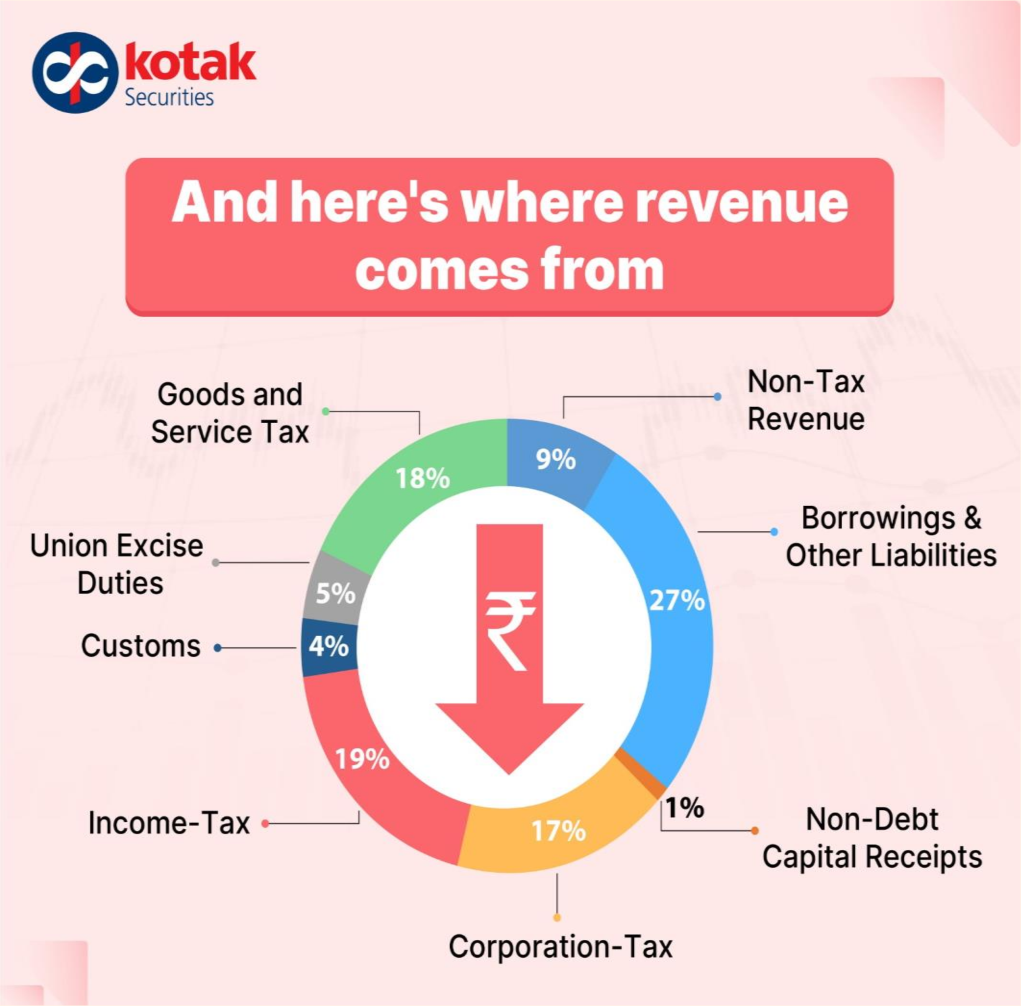
Budget: Key takeaways

- The bulk of the increase in spending has been allocated to revenue expenditure (up 6% v/s 5% in the interim budget) driven by a targeted increase in transfer to states, job creation, rural housing & price stabilization
- Govt. maintained its focus on Capex, with a budgeted growth of 17% in FY25BE to Rs11.1 lakh cr
- Key spends- Roads and highways (Rs2.7 lakh cr, same as interim budget), railways (Rs2.5 lakh cr, same as interim budget), & loans for capex to states (Rs1.7 lakh cr v/s Rs1.5 lakh cr in the interim budget)
- FY25: We expect bond yields to remain soft and expect a 10Y benchmark yield range of 6.70- 7.1%
- The FY25BE GFD/GDP is pegged at 4.9%, marginally lower than the interim budget estimate of 5.1%
- The focus is on improving the quality of the fiscal. We find the fiscal deficit targets realistic.

Source: Ministry of Finance, KIE report dated 24th July 2024

Budget: Revenue Side

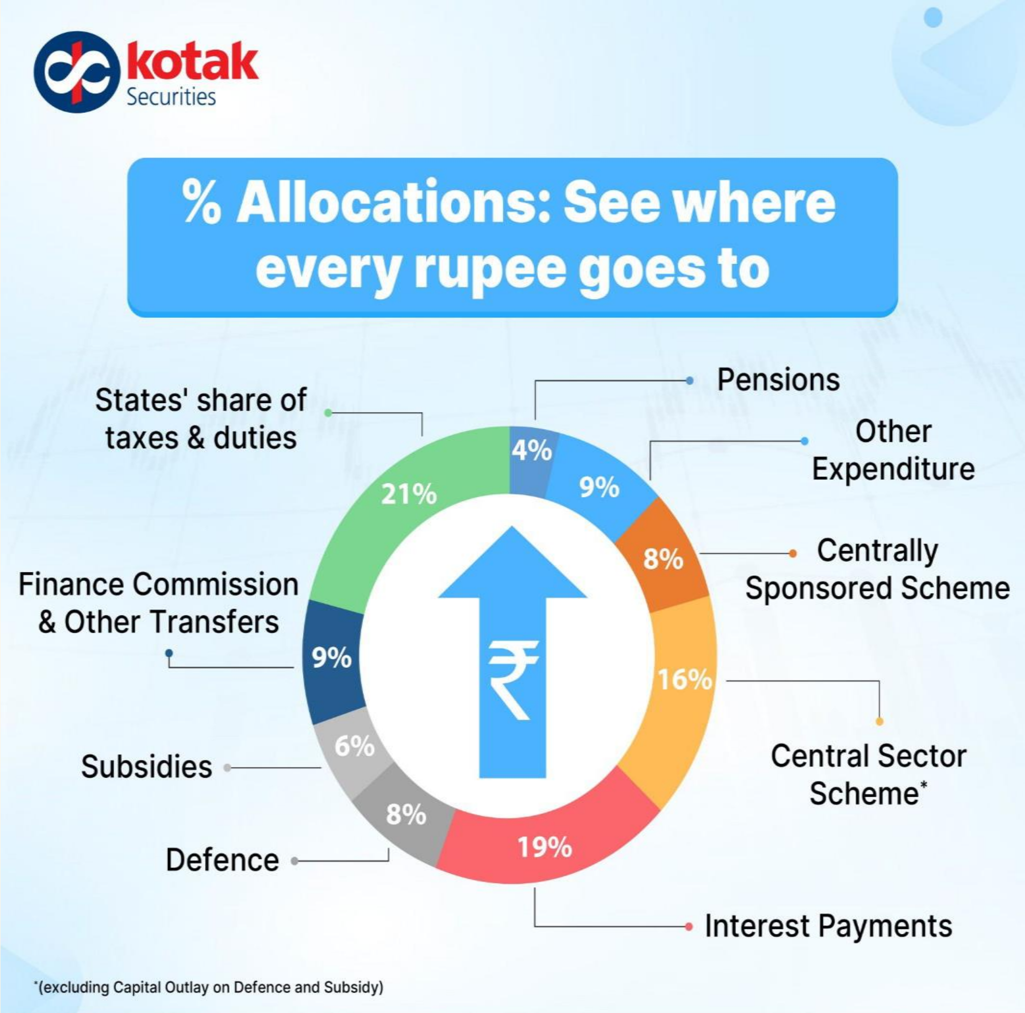
- Realistic targets for tax revenues
- Estimated 16% growth in receipts in FY25BE over FY24RE
- Direct tax revenue growth at 13% (11% for corporate tax & 16% for income tax) seems achievable. while nominal GDP growth is estimated at 10.5%
- Indirect taxes show a growth of 11% over FY24RE, with decent CGST growth (11%), customs duty growth (9%) & excise duty revenue growth of 5%
- Govt. kept the divestment target unchanged at Rs50,000 cr.



Source: Ministry of Finance, KIE report dated 24th July 2024

Budget: Expenditure Side

- Govt. has budgeted a 7% increase in exp. (6% in the interim budget)
- While ensuring that the focus remains on Capex (+17% growth) despite increasing revenue exp. by Rs1.7 lakh cr
- Total public sector (central government & central PSUs only) Capex is projected to grow 16% in FY25BE
- A modest increase in revenue exp. budgeted 5% growth (over FY24RE) in revenue expenditure to Rs37.1 lakh cr.



Source: Ministry of Finance, KIE report dated 24th July 2024

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Budget: Deficit

- Central FY25 GFD/GDP target lowered to 4.9%. Govt. projected central government fiscal deficit of 4.9%, as a proportion of GDP, in FY25BE (Rs16.1 lakh cr), compared to 5.1% in the interim budget
- The government expects to finance the FY25BE fiscal deficit of Rs16.1 lakh cr through market borrowings including T-bills, National Small Savings Fund & a mix of cash balances, external assistance, and state provident funds.

Rs. bn									Change (%)			
	2019	2020	2021	2022	2023	2024RE	2024P	2025BE	2023/ 2022	2024RE/ 2023	2025BE/ 2024RE	2025BE/ 2024P
Primary deficit (PD)	668	3,216	11,384	7,790	8,092	6,793	5,898	4,504	4	(16)	(34)	(24)
Revenue deficit (RD)	4,545	6,665	14,496	10,310	10,699	8,405	7,656	5,802	4	(21)	(31)	(24)
Gross fiscal deficit (GFD)	**6,494**	**9,337**	**18,183**	**15,845**	**17,378**	**17,348**	**16,537**	**16,133**	**10**	**(0)**	**(7)**	**(2)**
Gross market borrowing (dated securities)	5,715	7,041	12,601	9,684	14,210	15,430	15,430	14,010	47	9	(9)	(9)
Net market borrowing (dated securities)	4,233	4,681	10,329	7,041	11,083	11,805	12,193	11,632	57	7	(1)	(5)
Short-term borrowing (T-bills/WMA)	69	1,560	2,032	774	1,148	13	(4)	(500)				
Nominal GDP	**188,997**	**201,036**	**198,541**	**235,974**	**269,496**	**295,357**	**295,357**	**326,369**	**14.2**	**9.6**	**10.5**	**10.5**
PD/GDP (%)	**0.4**	**1.6**	**5.7**	**3.3**	**3.0**	**2.3**	**2.0**	**1.4**				
RD/GDP (%)	**2.4**	**3.3**	**7.3**	**4.4**	**4.0**	**2.8**	**2.6**	**1.8**				
GFD/GDP (%)	**3.4**	**4.6**	**9.2**	**6.7**	**6.4**	**5.9**	**5.6**	**4.9**				

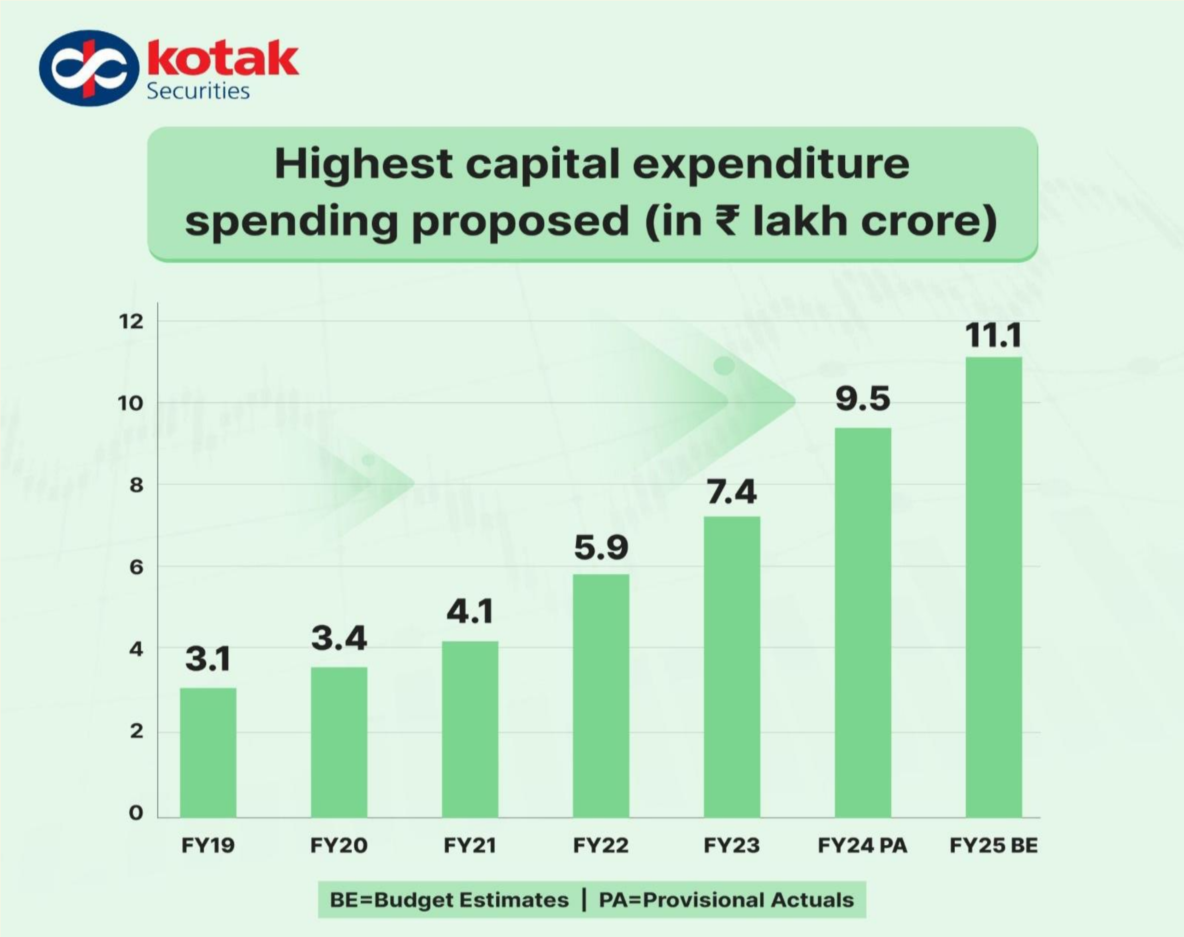
Source: Ministry of Finance, KIE report dated 24th July 2024

Elevated Capital Expenditure

- Maintained focus on capex at 11.1 lakh cr (+17%), same as interim budget.
- Including IEBR, capex is projected to grow 16% over FY24RE.
- Planned outlay by public sector enterprises has increased 9% yoy.
- No increase in capex for core sectors over interim budget.
- Capex unchanged for Roads, Railways & Loans for capex to states.
- Bulk of increase over FY24RE is due to Recapitalization of BSNL, Research & innovation, etc.

Source: KIE report dated 24th July 2024, Note: IBER (Internal and external budgetary resources)

Capital expenditure



Source: KIE report dated 24th July 2024, Union Budget

Decent Increase in outlay

	2024RE					2025BE					Capex growth
	Revenue	Capital	IEBR	Bonds	Total capex	Revenue	Capital	IEBR	Bonds	Total capex	yoy (%)
Atomic Energy	118	150	92	59	242	111	139	108	75	246	2
Defense	4,561	1,678	–	–	1,678	4,397	1,822	–	–	1,822	9
Economic Affairs	127	56	–	–	56	95	741	–	–	741	1,229
Electronics and Information Technology	140	4	–	–	4	214	6	–	–	6	42
Food and Public Distribution	2,217	2	230	–	232	2,130	0	276	–	277	19
Housing and Urban Development	427	265	168	50	433	539	286	425	100	711	64
New and Renewable Energy	78	0	214	64	214	128	0	307	123	307	44
Petroleum and Natural Gas	147	0	1,123	72	1,123	148	11	1,185	103	1,196	7
Power	175	1	591	152	592	194	11	667	178	678	14
Railways	33	2,400	200	–	2,600	34	2,520	130	–	2,650	2
Road Transport and Highways	118	2,645	–	–	2,645	58	2,722	–	–	2,722	3
Telecommunications	283	701	153	67	854	274	845	96	80	941	10
Others	26,978	1,600	492	17	2,091	28,772	2,008	492	17	2,500	20
All ministries	35,402	9,502	3,262	482	12,764	37,094	11,111	3,686	677	14,797	16

Source: Union Budget, KIE report dated 24th July 2024

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Direct Tax

- Modest changes in income tax and capital gains tax rates.
- Government reduced the tax incidence for low-income slabs.
- Government has increased capital gains tax on equities, reduced capital gains tax on bonds/debentures and removed benefits of indexation for real estate.
- We find the new capital gains tax structure for real estate favors investors, who have generated high IRRs, while investors with poor IRRs would be worse off in the new regime.
- The government increased the securities transaction tax (STT) on F&O.
- The government has modified the treatment of buybacks.

Source: KIE report dated 24th July 2024

Changes in new tax regime

	Tax structure (with exemption)-old regime	Tax structure(without exemption)-new regime	
	FY2024/FY2025	FY2024	FY2025
Individual tax rates	Up to Rs250,000 - Nil	Up to Rs300,000 - Nil	Up to Rs300,000 - Nil
	Above Rs250,000 - Rs500,000 - 5%	Above Rs300,000 - Rs600,000 - 5%	Above Rs300,000 - Rs700,000 - 5%
	Above Rs500,000 - Rs1,000,000 - 20%	Above Rs600,000 - Rs900,000 - 10%	Above Rs700,000 - Rs1,000,000 - 10%
	Above Rs1,000,000 - 30%	Above Rs900,000 - Rs1,200,000 - 15%	Above Rs1,000,000 - Rs1,200,000 - 15%
		Above Rs1,200,000 - Rs1,500,000 - 20%	Above Rs1,200,000 - Rs1,500,000 - 20%
		Above Rs1,500,000 - 30%	Above Rs1,500,000 - 30%
Senior citizen (60 years)	Exemption limit - Rs300,000	Exemption limit - Rs300,000	Exemption limit - Rs300,000
Very senior citizen (80 years+)	Exemption limit - Rs500,000	Exemption limit - Rs500,000	Exemption limit - Rs500,000
Surcharge	10% on income between Rs5 mn and Rs10 mn	10% on income between Rs5 mn and Rs10 mn	10% on income between Rs5 mn and Rs10 mn
	15% on income between Rs10 mn and Rs20 mn	15% on income between Rs10 mn and Rs20 mn	15% on income between Rs10 mn and Rs20 mn
	25% on income between Rs20 mn and Rs50 mn	25% on income above Rs20 mn	25% on income above Rs20 mn
	37% on income above Rs50 mn		
Cess	4% (health and education cess)	4% (health and education cess)	4% (health and education cess)

Notes:
(a) Standard deduction has been increased to Rs75,000 from Rs50,000.

Source: Ministry of Finance, KIE report dated 24th July 2024

Changes in capital gain tax

	Old			New		
	Holding period	Tax rates (%)		Holding period	Tax rates (%)	
Asset	(months)	Short-term	Long-term	(months)	Short-term	Long-term
Listed equity shares/preference shares	12	15	10	12	20	12.5
Unlisted equity shares/preference shares	24	Marginal	10	24	Marginal	12.5
Listed bonds/debentures	12	Marginal	20	12	Marginal	12.5
Unlisted bonds/debentures	36	Marginal	Marginal	24	Marginal	Marginal
Units of equity-oriented mutual funds	12	15	10	12	20	12.5
Units of debt-oriented mutual funds	36	Marginal	Marginal	24	Marginal	Marginal
Immovable property	36	Marginal	20	24	Marginal	12.5
Gold	36	Marginal	20	24	Marginal	12.5
Bank deposit	NA	Marginal	Marginal	NA	Marginal	Marginal

Notes:

(a) The new rates are applicable from July 23, 2024.

(b) Old regime had indexation benefits for certain asset classes.

Source: Ministry of Finance, KIE report dated 24th July 2024

STT rates on F&O segment

Transaction	Old rates	New rates	Payable by
Sale of an option in securities	0.0625	0.1000	Seller
Sale of an option in securities where option is exercised	0.1250	0.1250	Purchaser
Sale of a future in securities	0.0125	0.0200	Seller
Delivery trades in equity shares on purchase and sale transactions	0.1000	0.1000	Purchaser/seller

Notes:

(a) The new rates are applicable from October 1, 2024.

Source: Ministry of Finance, KIE report dated 24th July 2024

Indirect Taxation

- Reduction in custom duty on gold and silver, from 15% to 6%.
- Three Cancer related drugs are fully exempt from custom duties while full BCD (Basic Customs Duty) is exempted on polythene and steel alloys used for manufacturing implants and artificial body parts.
- BCD and agriculture infrastructure development cess (AIDC) is reduced on precious metal imports such as platinum, palladium.
- Decline in customs duty on minerals such as lithium, copper and cobalt, which are critical for nuclear energy, renewable and other sectors.
- Increase in basic custom duty to 15% from 10% for PCBA for specified telecom equipment.

Source: Union Budget, KIE report dated 24th July 2024

Indirect Taxation

- Reduction of BCD on shrimp and fish feed to 5% as well as inputs used in their manufacture; also, reduction in duty on import of brood stock for shrimp.
- Increase in BCD on ammonium nitrate from 7.5% to 10%.
- Steep increase in BCD on laboratory chemicals from 10% to 150%.
- Decline in basic custom duty to 15% from 20% for mobile chargers, Printed Circuit Board Assembly (PCBA) of cellular mobile phone and cellular mobile phone.

Source: Union Budget, KIE report dated 24th July 2024

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Major social welfare schemes

- Compared to the interim budget, the government has kept allocation in most schemes broadly unchanged.
- Increase in key rural sector schemes (Ex-food subsidy) is 9%.
- Government targeted key rural-focused schemes like agriculture & rural development.

Allocation in rural welfare schemes targeted toward rural housing, rural roads and irrigation

Exhibit 8: Major social welfare schemes in the interim budget, March fiscal year-ends, 2019-25BE (Rs bn) (sorted on descending order of FY2025BE)

	2019	2020	2021	2022	2023	2024RE	2025BE	2025BE/ 2024RE (%)
Food subsidy	1,011	1,085	5,411	2,887	2,728	2,123	2,053	(3)
Mahatma Gandhi National Rural Employment Guarantee Program (NREGS)	618	730	1,112	985	908	860	860	—
National Rural Drinking Water Mission	55	100	110	631	547	700	702	—
Income support scheme for farmers (PM-KISAN)	200	487	610	668	583	600	600	—
Pradhan Mantri Awas Yojana (PMAY) (Rural)	254	250	403	900	450	320	545	70
Interest subsidy for short term credit to farmers/Modified interest subvention scheme	115	162	178	215	180	185	226	22
Saksham Anganwadi and POSHAN 2.0				184	199	215	212	(2)
Pradhan Mantri Gram Sadak Yojana (PMGSY)	154	140	137	140	188	170	190	12
National Rural Livelihood Mission	63	98	100	102	115	141	150	6
Crop insurance scheme	119	126	142	135	103	150	146	(3)
Pradhan Mantri Krishi Sinchai Yojana (PMKSY)	81	82	79	113	56	70	93	33
Green revolution/ Rashtriya Krishi Vikas Yojana	118	99	97	67	52	62	76	23
Swachh Bharat Mission (Gramin)	129	82	49	31	49	70	72	3
Pradhan Mantri Swasthya Suraksha Yojana	22	33	27	93	75	19	22	16
DBT-LPG		296	237	2	2	15	15	3
Total	2,940	3,770	8,691	7,153	6,235	5,700	5,961	5
Total (ex-food subsidy)	1,929	2,685	3,280	4,266	3,507	3,577	3,909	9

Notes:
(a) Food subsidy and PMAY also cover urban poor households.
(b) Modified interest subvention scheme (MISS) for farmers has been introduced in lieu of interest subsidy scheme to farmers.
(c) Green revolution has been subsumed under Rashtriya Krishi Vikas Yojana.

Source: Union budget documents, KIE report dated 24th July 2024; Note: Figures in Rs bn

Interest Rates Path

- We expect bond yields to remain soft in FY25 led by:
  - (1) moderating domestic and global inflation,
  - (2) favorable demand-supply dynamics for domestic SLR securities.
- Global monetary policy cycle has started to turn with ECB rate cut in June 24.
- Market expects the US Fed to cut interest rates by 75 bps in H2CY24.
- DMs have seen sharp decline in inflation in recent months.
- We expect 50 bps of rate cut in FY25 (December 2024 and February 2025) and another 25-50 bps in FY26.
- We expect 10-year benchmark yield to be in range of 6.7-7.1% in rest of FY25.

Source: Ministry of Finance, KIE report dated 24th July 2024,

Outlook and Valuation

- Macro-economic situation still reasonable.
- Indian market could see consolidation for a while with rich valuations.
- Rich valuations show plentiful optimism and no risks.
- We expect Nifty EPS of Rs 990 in FY24, Rs 1080 in FY25E and Rs 1243 in FY26E.
- Nifty-50 Index is trading 24.7 x FY24E, 22.7x FY25E and 19.7x FY26E.
- We find most sectors and stocks quite overvalued.

Source: KIE report dated 24th July 2024

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Sectoral Impact

Consumer Staples

- ❑ Reduction in custom duty on gold and silver, from 15% to 6%.
  - Inventory loss on gold metal loan but easing competitive pressure would help.
- ❑ Measures to facilitate employment, skilling, and other opportunities for 4.1 cr youth.
  - Positive for consumption sentiment and FMCG companies.
- ❑ Increased standard deduction by 50% to Rs75K and tweaked tax slabs
  - Positive for consumption sentiment and FMCG companies.
- ❑ Pradhan Mantri Janjatiya Unnat Gram Abhiyan launched.
  - Positive for consumption sentiment and FMCG companies.

Source: KIE report dated 24th July 2024

Pharmaceuticals

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- ❑ Expenses incurred due to settlement of proceedings initiated in relation to a contravention would not eligible for tax deduction.
  - Minor negative for pharma companies.
- ❑ Three cancer drugs would be fully exempt from custom duties (10% earlier).
  - Positive for consumption sentiment and FMCG companies.
- ❑ Full basic custom duty exemption on polythene and steel alloys
  - Minor positive for hospitals.

Source: KIE report dated 24th July 2024

Transportation

- Funds to be provided for essential infrastructure such as water, power, railways and roads.
  - Positive for Adani Ports' assets in Gangavaram and Chennai/Ennore ports
- Extends the period for exporting goods imported for repairs from six months to one year.
  - Positive for GMR Airports.

Source: KIE report dated 24th July 2024

Automobiles & Components

- FAME India incentive stood unchanged at Rs2,670 cr in FY25BE when compared to interim budget.
  - Awaiting the modalities of FAME III scheme.

- Revised income tax slabs and increased standard deduction limit for personal income in new tax regime to result in lower income tax payouts.
  - Maximum tax savings of Rs17.5k; can aid in improvement in demand for entry-level vehicles.

- Reduced basic customs duty (BCD) and agriculture infrastructure development cess (AIDC) on precious metal imports such as platinum, palladium.
  - Precious metal content in ICE vehicles vary from 1-2% across; will result in cost benefits for OEMs

- Capital expenditure outlay has been pegged at Rs11.1 lakh cr, which is 3.4% of the GDP.
  - Likely to support the growth of CV segment demand.

Source: KIE report dated 24th July 2024

Building Products

- GoI has announced 3 cr additional houses under PMAY (urban and rural).
- PMAY (U) FY25 budget raised to Rs30,200 cr (from Rs26200 cr in FY25 interim budget and Rs22,100 cr in FY24RE.
- PMAY (R) FY25 budget raised to Rs54,500 cr (from Rs32,000 cr in FY24RE though unchanged versus FY25 interim budget).
- An increase in target for number of homes under PMAY in addition to higher allocation to both PMAY (U) and PMAY (G) bodes well for the building products demand.

Source: KIE report dated 24th July 2024

Construction Materials

- Provision of Rs15,000 cr for Andhra Pradesh.
  - Positive for cement producers such as KCP, Sagar Cement, NCL Industries, Ramco, Deccan, Dalmia.
- Governmental support of Rs26,000 cr for road connectivity projects in Bihar.
  - Positive for cement producers such as Shree Cement, Nuvoco, Dalmia.
- Capital outlay on housing schemes such as PMAY (Urban+Rural) at Rs84,700 cr in FY25BE (56% higher vs FY24RE and 15% higher vs FY23).
  - Capital outlay in these schemes should support cement demand in FY25.

Source: KIE report dated 24th July 2024

Consumer Durables

- Under PMAY 2.0, housing needs of ~1 cr urban poor, middle class families will be addressed; provision of interest subsidy to facilitate loans at affordable rate.
- PMAY (U) FY25 budget raised to Rs30,200 cr (from Rs26,200 cr in FY25 interim budget).
  - Positive for manufacturers of wires and electrical appliances.
- No major change in capex for key ministries such as railways, roads ,defense.
  - Negative for cables and wires manufacturers, as there was some expectation of upward revision from interim budget numbers.

Source: KIE report dated 24th July 2024

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Metals & Mining

- Removal of Basic Customs Duty (BCD) on ferro nickel from 2.5% earlier.
  - Marginally positive for stainless steel producers such as Jindal Stainless, who can diversify nickel sourcing from non-FTA nations.
- BCD has been reduced to Nil on copper ore/concentrate from 5% earlier.
  - Positive for Hindalco since its imports concentrate for its copper refinery.
- Custom duty (including cess) on silver reduced to 6% from 15%.
  - Hindustan Zinc (HZ), which sells all its silver in domestic markets, will be impacted due to ~8% lower domestic silver prices. Estimated EBITDA impact to be ~Rs500 cr (~2% of HZ EBITDA FY2026E).

Source: KIE report dated 24th July 2024

Internet Software & Services

- TDS rate on e-commerce operators is proposed to be reduced from 1% to 0.1%. Moreover, credit of TCS is proposed to be given in the TDS to be deducted on salary.
  - Sellers on e-commerce portals to benefit with easing working capital requirements.
- Withdrawal of 2% equalization levy on consideration received or receivable for e-commerce supply or services, on or after August 1, 2024.
  - Positive for foreign digital companies such as Amazon, Flipkart.

Source: KIE report dated 24th July 2024

Electric Utilities

- MNRE increased to Rs18,800 cr from Rs7,600 cr with Rs10,000 cr for solar energy.
    - Increased focus on solar generation & limited allocation in wind.
- Slightly higher focus on nuclear energy; Allocation of Rs2,200 cr vs Rs1,790 cr.
    - Better focus would lead to nuclear capacity addition.
- NTPC and BHEL to set up JV for 800 MW Advance ultra critical thermal plant.
    - More efficient and less polluting thermal plant.
- Policy for promoting pumped storage projects to be put in place.
    - Initial steps to set up energy storage, Little immediate impact.

Source: KIE report dated 24th July 2024

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Electronic Manufacturing Services

- Decline in BCD to 15% from 20% for mobile chargers and PCBA of mobile phone.
  - Slight negative for the likes of Dixon, which assemble PCBA and mobiles.
- Increase in BCD to 15% from 10% for PCBA for specified telecom equipment.
  - Potential positive for Dixon/Syrma.
- Outlay towards mobile PLI & IT PLI remains unchanged at Rs6,200 cr over interim.
  - In line with increased production expected in FY25 for mobiles and others.
- Unchanged outlay of Rs4,200 cr toward OSAT under Semiconductor PLI.
  - Expected to be given to likes of Kaynes and Micron as they ramp up capex.

Source: KIE report dated 24th July 2024

Real Estate

- Rationalization of long-term capital gains tax on real estate; indexation benefit removed; tax rate reduced to 12.5% from 20% with immediate effect.
  - End-users: Limited impact on buyers; Investors: Worse off under the new regime if lower price appreciation and shorter holding period, and vice versa.
- Government will encourage states to lower the stamp duty.
  - To reduce the overall acquisition cost in high stamp duty states.
- Rs 10 lakh cr allocation for urban housing.
  - This would further government's housing for all initiative.

Source: KIE report dated 24th July 2024

Fertilizers, Agriculture & Specialty Chemicals

- Fertilizer subsidy maintained at Rs1.64 lakh cr for FY25BE.
    - Neutral for fertilizer industry.
- Reduction of BCD on shrimp and fish feed to 5%; reduction in duty on import of brood stock for shrimp.
    - Positive for aqua feed companies such as Godrej Agrovet.
- Increase in BCD on ammonium nitrate from 7.5% to 10%.
    - Positive for Deepak Fertilisers.
- Steep increase in BCD on laboratory chemicals from 10% to 150%.
    - Positive for lab chemical manufacturers in India, but these are mostly unlisted companies.

Source: KIE report dated 24th July 2024

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Banks/Diversified Financials/Insurance

- Import duty on gold decreased to 6% from 15% earlier
  - Lower duties will lower INR gold price leading to lower loan growth and reduce margin of safety (LTV) on existing loans. As such, this change is negative for gold loan NBFCs.
- Rs4,000 cr allocated for credit-linked subsidy scheme under PMAY-U up from Rs0 in FY24 (Rs10,800 cr in FY23)
  - Allocation is lower than expectations but can be revised upward later. Affordable housing focused HFCs with higher share of urban salaried borrowers are likely to benefit.
- Qualifier attached on expenses that are admissible for calculation of tax for life insurers
  - This effectively omits overriding commissions paid by life insurers from allowable expenses. IRDA removed commission caps in FY23 and issue is less relevant now.

Source: KIE report dated 24th July 2024

Banks/Diversified Financials/Insurance

- Changed the definition of 'special mutual fund' under section 50AA to include funds, which hold more than 65% of AUM in debt and money market instruments.
  - Category of funds that invest <35% in equities such as gold ETFs, silver ETFs, select FoFs will see LTCG reduce to 12.5% (if held for >2 years) from marginal tax rate.
- Increase in STCG and LTCG on equity and equity-oriented mutual funds.
  - Higher tax burden on investors
- Realignment of LTCG across asset classes.
  - Debt mutual funds are taxed at marginal tax rate compared to 12.5% for other assets, making the product unattractive.
- Increase in STT on sale of an option to 0.1% (from 0.0625%) of the option premium, and on sale of a futures to 0.02% (from 0.0125%) of the price.
  - Higher taxes will increase cost of trading and could impact volumes.

Source: KIE report dated 24th July 2024

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RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock.
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