

# INDIA TOP DOWN & BOTTOM UP

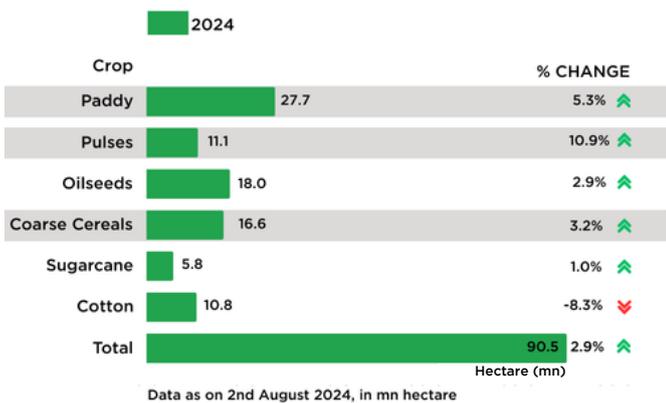


BSE Mcap: \$5.35 tn | Composite PMI: 60.7 | GST Collection: ₹1.82 tn | Forex Reserves: \$667.4 bn

## INDIA UPDATE

▲ Indian banks' short-term debt rises to a 12-year high due to loan demand, surging to ₹4.3 trillion in the fortnight through July 12

### Progress of Kharif Crop Sowing in 2024



▲ FADA reports unsold inventory of around 600,000 units worth approximately ₹600 billion  
*M&M slashed prices by up to ₹205,000 and Tata Motors by up to ₹140,000 to stimulate demand*

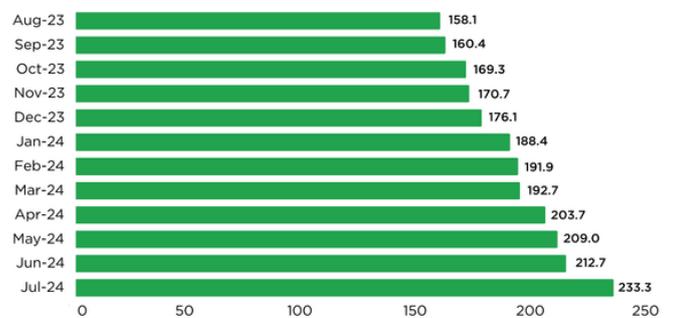
▲ TCS plans to hire 40k, Infosys 15k-20k, HCL 10k freshers in FY25  
*High utilisation drives hiring plans by IT firms*

▲ Govt mopped up ₹986.81 bn from taxing LTCG in listed equities in FY24

▲ SC says states have right to impose taxes on mineral extraction  
*This benefits mineral-rich states such as West Bengal, Odisha, and Jharkhand*

▲ Mumbai hits 12-year high with 11,400+ property registrations in June  
*This contributed ₹9.86 billion to the state exchequer*

### SIP Investment (in ₹ bn)

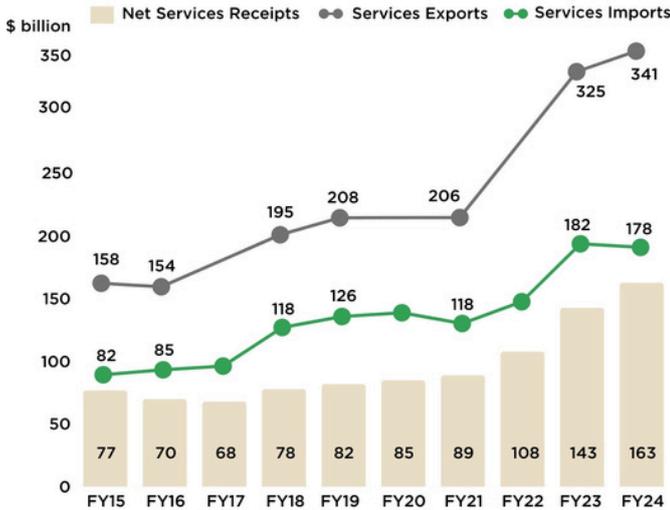


▲ Airbus & Tata Advanced Systems formalise contract for an H125 helicopter Final Assembly Line in India

## INDIA UPDATE (Contd..)

- ▲ India's forex reserve increases by \$68 bn in FY24, highest amongst major countries

India Services Trade in the last 10 Yrs (in \$ bn)



Source: India's International Trade in Services, RBI

## COMPANY UPDATE

- ▲ RIL has started pilots of solar and battery energy storage projects  
*To start production of 9.6GW battery storage modules by the year end*

Raining QIPs over last 10 Yrs in H1

Jan-June	No. of QiPs	Amount (₹ bn)
2015	20	123.2
2016	4	5.3
2017	15	339.1
2018	22	131.9
2019	4	64.8
2020	7	285.7
2021	22	281.8
2022	7	50.4
2023	11	58.0
2024	37	325.3

Source: primedatabase.com

- ▲ Vedanta Resources regains control of Zambia's Konkola Copper Mines  
*Plans to boost copper production to 300 KTPA and cobalt to 6 KTPA*
- ▲ UltraTech acquires 32.7% stake in India Cements for ₹39.45 bn
- ▲ Godrej Properties acquires 7 acres in Bengaluru and 11 acres in Pune (₹12 billion and ₹18 bn revenue potential, resp.), plus 46 acres in Indore (-1.16 mn sq ft)
- ▲ HUDCO signs MoU with the Government of Rajasthan for ₹1 trillion in project financing over 5 years

Bank Status Check - Falling CASA ratio

Bank	(in %)			
	Advances (Q-oQ)	Deposits (Q-o-Q)	CASA Ratio Q4FY24	CASA Ratio Q1FY25
HDFC Bank	(0.80)	0.00	38.18	36.29
Federal Bank	5.40	5.40	29.38	29.28
Bandhan Bank	0.70	(1.50)	37.10	33.40
YES Bank	0.90	(0.50)	30.90	30.70
RBL Bank	3.00	(2.00)	35.20	32.60
South Indian Bank	2.59	1.58	32.08	31.87
IndusInd Bank	1.00	4.00	37.90	36.70
Bank of India	2.46	2.96	-	-
PNB	5.00	2.80	-	-
Union Bank	0.59	(0.25)	-	-
Bank of Maharashtra	2.65	(1.22)	52.73	49.86
UCO Bank	3.74	1.90	39.25	38.62
Bank of Baroda	1.73	1.59	-	-

## COMPANY UPDATE (Contd...)

- ▲ Mankind Pharma set to acquire BSV Group, from Advent International for around \$1.67 bn

*Largest buyout ever by the company that got listed a year back*

Other Key Deals in Pharma Space	
Date	Details
Jun-24	Dr. Reddy's acquisition of Northstar Switzerland SARL for ₹500 million
May-24	KKR buys Healthium MedTech for \$843 million
Sep-23	Nirma buys 75% stake in Glenmark Lifesciences for \$680 million
Feb-23	Auro Pharma acquired Aurobindo Pharma's API antibiotic and non antibiotic business

- ▲ HDFC Bank hikes fixed deposit rates by 20 bps  
*Hiked rate from 7.15% to 7.35% (35 months) and from 7.20% to 7.40% (55 months)*
- ▲ Wockhardt to launch antibiotic Zaynich by FY25-end, with a \$25 billion market potential
- ▲ NLC India wins Machhakata coal mine in Odisha, doubling lignite-cum-coal production potential; to spend ₹120 billion on development
- ▲ L&T Realty, Valor Estate ink pact for ₹200 bn joint development in Mumbai's BKC project
- ▲ L&T set to phase out 15-yr-old equipment, increase biodiesel use, and adopt renewable energy
- ▲ Asian paints doubles Mysuru plant capacity to 600,000 KLPA

## CAPEX UPDATE

- ▲ RIL plans to invest \$60 billion over 10 years in new energy, renewable energy, and telecom
- ▲ LOHUM to invest ₹20 bn to produce Cathode Active Material in TN

- ▲ JSW energy plans to invest ₹1.15 tn with a target of 20 GW renewable energy capacity & 40 GWh of battery storage capacity in few years

*FY25 to see ₹150 bn capex with potential for new acquisitions in the power sector*

- ▲ State-owned Oil PSUs to invest ₹1.2 tn in FY25, up 5% YoY  
*ONGC ₹301 bn, IOC ₹301 bn, BPCL ₹130 bn, HPCL ₹125 bn, GAIL ₹80 bn, Oil India ₹69 bn*
- ▲ Hindalco to spend nearly \$7 billion on capex over 3-5 years: \$4.9 billion for Novelis, \$2 billion for Hindalco India
- ▲ Temasek plans to invest \$2-3 bn annually over 2-3 years in India majorly on financial services and healthcare
- ▲ ITC plans investment of ₹200 bn for over next 5 yrs  
*35-45% in FMCG, 30-35% in paperboards & packaging, balance in other area*
- ▲ Capgemini to invest ₹10 bn over 3 yrs to develop new state-of-the-art facility in Chennai
- ▲ SAIL to invest ₹65 bn in FY25 towards regular capex & debottlenecking exercises

Capital goods & Engineering cos Undergoing Capex plans	
Company	Capex Underway (₹bn)
Larsen & Toubro*	48.0
Hindustan Aeronautics	30.0
Siemens*	10.0
Bharat Electronics	7.0
CG Power*	6.6
Apar Industries	4.0
KEC International	3.5
Ashoka Buildcon	1.1
Kalpataru Projects International	5.0
<b>Total</b>	<b>115.2</b>

Source: Company Announcements, Analyst Call transcripts.  
Note: \*Capex spread beyond FY25

## CAPEX UPDATE (Contd...)

- ▲ JSW MG motor to invest ₹30 bn by 2025 for capacity expansion  
*Aims to introduce 5 new vehicles*
- ▲ Toshiba to invest ¥10 bn over 3 yrs in India to increase the capacity of power T&D equipment by 1.5x

- ▲ Tata Power to invest ₹200 bn in FY25 to drive renewable energy expansion
- ▲ Sanjiv Goenka has plans to ramp up the group capex to ₹350 bn over next 12-18 months  
*Major expansion in chemicals and carbon black sectors at PCBL Ltd*

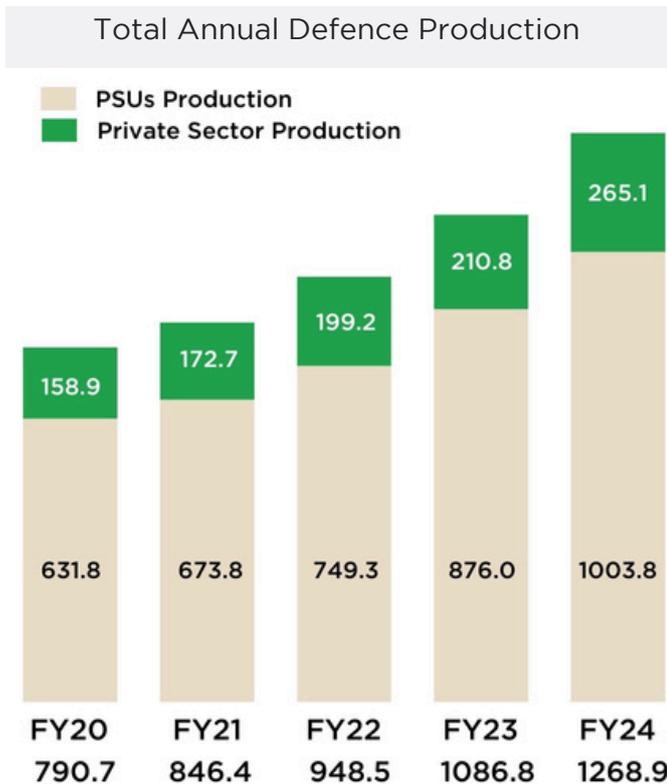
## ORDER BOOK UPDATE

Company	Awarding Entity	Amount (₹ bn)	Order Detail
L&T	Developer in Middle East	100-150	2 GW Solar PV plants
	Hindustan Shipyard	10-25	Fleet support ships
	ONGC	10-25	8th phase of Pipeline Replacement Project
SJVN	Govt of Mizoram	140.0	Darzo Lui Pumped Storage Project
Bharat Heavy Electricals	Damodar Valley Corporation	100+	Koderma Thermal Power Station EPC, Jharkhand
Kalpataru Projects International	Overseas Markets, JV, India	30.0	T&D overseas; EPC Water; B&F in India
HPL Electric & Power	Regular Customers	21.0	Smart meters
Man Industries	International Customer	18.5	API5L Grade pipes for offshore project
DCX Systems	L&T India	12.5	Electronic modules
ITD Cementation India	Govt of Bangladesh	1.8	Ocean Going Tug Vessel
	N/A	12.4	Residential colony in New Delhi
KEC International	Power Grid Corporation	3.0	Transmission line; Substation structures in USA
	Power Grid Corporation	11.0	GIS Substations; Towers in Australia; Hardware in Americas
Ashok Leyland	MSRTC	9.8	2104 Viking Passenger Buses
Garden Reach Shipbuilders	NCPOR, Ministry of Earth Sciences	8.4	Ocean Research Vessel
Diamond Power Infrastructure	Adani Green Energy	4.1	LV/MV Cables.
	Adani Energy Solutions	9.0	aluminum alloy conductors
Ahluwalia Contracts	Airports Authority of India	5.7	New Terminal Building
	Airports Authority of India	8.9	Lal Bahadur International Airport, Varanasi
	ETSY Realcon Pvt. Ltd	5.8	Civil & Structural work at Gurugram
GE T&D	Grid Solutions SAS, France	5.8	High voltage products
	Power Grid Corporation	4.9	SCADA/EMS control centers
	Grid Solutions Middle East, Dubai	2.4	High voltage products

## GOVT. INITIATIVE

- ▲ GOI to set up 8 coking coal washeries, aiming for 140 MT output by 2030  
*Govt allocates ₹85 bn to support coal gasification plants*
- ▲ GOI asks utility cos to buy \$33 bn worth equipment in 2024 to step up country's coal-fired power capacity
- ▲ NHAI to monetise 12 projects worth ₹200 bn via InvIT in FY25

- ▲ UP Govt. announced full waiver of registration tax on strong hybrid cars, potentially saving customers up to ₹3,50,000  
*Move will benefit Maruti Suzuki, Honda and Toyota Kirloskar Motor*
- ▲ UP Govt. inks 154 defence MoU's worth ₹250 bn



Value Rises Over 60% Since FY20 (in ₹ bn)  
Source: MoD

- ▲ Defence Ministry is set to clear ₹700 bn order for warship for Indian Navy  
*Mazagon Dock Shipbuilders and Garden Reach Shipbuilders are leading the race for this order*
- ▲ UP govt. will invest ₹750 bn in energy sector  
*₹320 bn in 2 greenfield thermal power plants and ₹430 bn in installing smart meters and feeder infrastructure*
- ▲ MEITY allocates over ₹350 bn to PLI scheme for electronic components
- ▲ Govt implements uniform 5% GST on all imports of aircraft components and engine parts, effective 15th July 2024

### Key initiatives by RBI in July

Draft guidelines on Liquidity Coverage Ratio (LCR)	Risk Weightings: Banks must apply 5% run-off factor, 10%, or 15% risk weightings to deposits made via internet and mobile banking (IMB)
	Effective Date: April 1, 2025
	Impact - banks will need to apply additional risk weightings to deposits made through IMB. Will impact their LCR ratios
PCA framework for urban co-op banks (UCB)	Applicability: It applies to UCBs in Tier 2, Tier 3, and Tier 4 categories
	Invocation norms: Capital adequacy ratio within 250 bps below the required level, Net NPAs 6%-9%, or loss for two consecutive years
Master Circular on Wilful Defaulters	Definition: Borrowers with the capacity to repay but still defaulting are labeled as wilful defaulters
	Outstanding Amount: Wilful defaults as of 31 March was ₹3.6 trillion
	Time-bound: A borrower must be declared a wilful defaulter within 6 m of NPA classification, with all loans of ₹25 lakh and above reviewed

- ▲ Govt issues guidelines for ₹50 bn incentive to DISCOMs under PM Surya Ghar  
*DISCOMs to receive 5% of benchmark cost for 10%-15% additional capacity, and 10% for capacities beyond 15%*

## INTERNATIONAL UPDATE

- ▲ US GDP increased at a 2.8% annualized rate in Q2

*Personal spending increased by 2.3%, primarily driven by consumer durables*

- ▲ Saudi Aramco awarded \$25 bn worth of construction contracts for Jafurah gas project

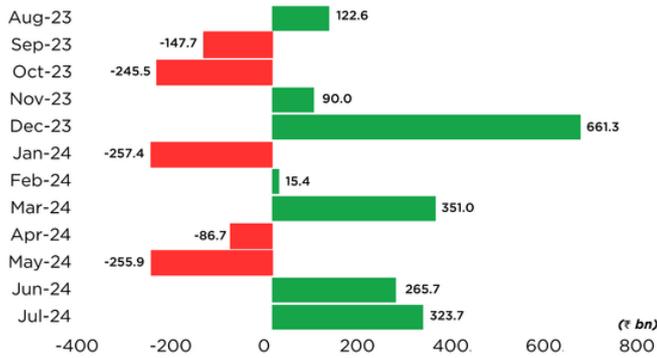
- ▲ EU slaps China with EV car tariffs of up to 38%

*17.4% for BYD, 19.9% for Geely, and 37.6% for SAIC*

- ▲ China cut benchmark lending rates, 1-yr LPR & 5-yr LPR was lowered by 10 bps to 3.35% & to 3.85% respectively

*PBOC cut the 7-day reverse repo rate to 1.7% from 1.8%*

FPI equity net flows



## INDIA - ECONOMIC DATA

Economic Indicator	June'24	May'24	June'23
WPI Growth	3.4%	2.6%	-4.2%
CPI Growth	5.1%	4.8%	4.8%
Core Sector Growth	4.0%	6.3%	8.4%
Trade Deficit (in bn\$)	21.0	23.8	20.1

Economic Indicator	July'24	June'24	July'23	MoM	YoY
Composite PMI	61.4	60.9	61.9	1%	-1%
GST Collection (in ₹tn)	1.8	1.7	1.7	5%	10%
AVG USD INR	83.6	83.5	82.2	0%	2%
Forex Reserves (US\$ bn)	667.0	653.7	607.0	2%	10%
Air Passenger Traffic (mn)	13.2	13.2	12.1	0%	9%

\*All the numbers are rounded to a single decimal place

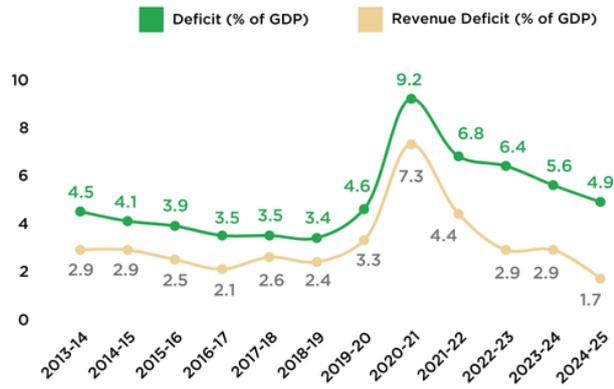
### Aequitas : What's Trending

Interview with NDTV Profit	<a href="#">Siddhartha's interview with NDTV Profit</a>
Article in ET Markets	<a href="#">Coverage of Aequitas Investments by ET Markets</a>
Article in Moneycontrol	<a href="#">Coverage on Aequitas' Contra view on Indian Equities</a>
ICAI Singapore Event	<a href="#">Siddhartha's Keynote Speech at the ICAI Singapore Event on Valuations</a>
CFA Society of India Event Video	<a href="#">Siddhartha Bhajya on Cracking the Multibagger Code</a>

## BUDGET 2024

### Fiscal Deficit

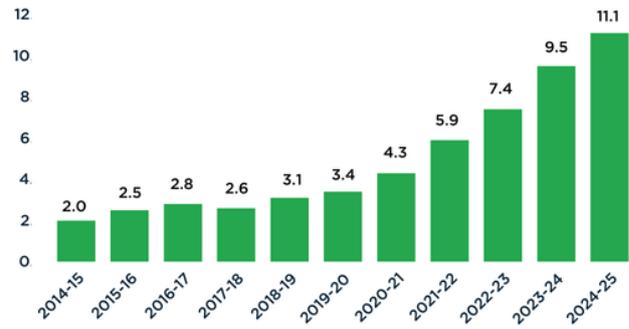
FY25BE at 4.9% compared to 5.6% in FY24



### Major Segments Capex

Govt capital expenditure

Capex grew by 19% CAGR in the last 10 yrs



### Boost to Industries

- **Employment:** Total outlay ₹2000 bn. 1 month wage subsidy up to ₹15k; EPFO contribution incentives for 4 years; EPFO contribution reimbursement up to ₹3000/month for 2 years for new hires.
- **Defence and Space:** Total capital outlay for FY25BE at ₹1720 bn with yoy growth of 9.4%
- **Seeds:** 109 high-yielding climate-resilient varieties of 32 field and horticulture crops to be released for cultivation by farmers

### Allocation to States

- **Andhra Pradesh:** Financial support of ₹150 bn, Completion of Polavaram Irrigation Project & development of Amaravati capital city
- **Bihar:** Total allocation was ₹585 bn. ₹210 bn towards thermal, ₹260 bn infra highway, ₹115 bn crores towards flood control & irrigation, initiatives like - new rail connectivity, Nalanda redevelopment, various religious place developments

### Tax

#### Direct Tax

- **Capital Gains:** Two holding periods: 12 & 24 months. Short-term capital gains from stocks, equity funds and units of business trust to be taxed at 20% against 15% earlier; Long-term capital gains will be uniformly taxed at 12.5% for all classes of assets.
- LTTCG tax regime from sale of properties allows for purchases before Budget, either 12.5% tax without indexation, or 20% with it
- **Slab Rates:** New Regime simplifies taxation; Taxpayers can save upto ₹17500. Standard deduction for salaried employees to ₹75,000 under the new regime.
- **Buyback:** Amount received on buyback of shares to be taxed as dividends in hands of investors as per their tax slabs. Cost of acquisition of shares tendered in the buyback will be considered as a capital loss, to be set-off against other capital gains or carry forward
- **TDS:** Rate deduction from 5 to 2% for various payments; Previously applicable 20% TDS on repurchase of mutual fund or UTI units eliminated; TDS rate for e-commerce operators slashed from 1 to 0.1%
- TCS will be set off against TDS on salary
- **F&O:** STT on sale of an options increased to 0.1% from 0.0625%, and on sale of a futures in securities from 0.01% to 0.02% of the price at which the future is traded
- **Angel Tax:** Abolished for all classes of investors

#### Indirect Tax

##### Basic Custom Duties

- **Gold and silver** will be decreased from 15% to 6%, and the duty on platinum will be lowered from 15.4% to 6.4%
- 5% increase in the BCD of printed circuit board assembly (PCBA) to 15% from 10%; boost to local manufacturing of telecom network gear
- Fully exempt duty on 25 critical minerals such as lithium, cobalt, rare earths, crucial for nuclear & renewable energy, space and defence and telecommunications
- Essential aquafarm/hatchery inputs and fish/shrimp feed has been reduced to 5%. Pre-dust breeding powder, an ingredient for manufacturing high-demand seafood products is now exempt from the 30% import duty