

Area	Measure	
Direct taxation	DTC will be reviewed. Personal Income tax : Tax exemption limit hiked by Rs 50,000 to Rs 2.5 lakhs , exemption limit on investment under 80C raised from Rs 1 lakh to Rs 1.5 lakhs , Interest repayment limit on housing loan raised from Rs 1.5 lakhs to Rs 2 lakhs. Tax on super rich to continue. Corporate tax rate remain unchanged.	
Indirect taxation	Accelerate process of getting state government consensus on GST. Excise duty on various items manufactured by local companies reduced to give boost to manufacturing sector, excise duty on tobacco products increased & excised duty on aerated waters containing added sugar increased. Service tax remains unchanged, however more services brought under tax net.	
Capital Market	Raising tax deduction under 80C to bring money into ELSS. Introduce one single operating demat account for all financial services. Uniform tax treatment for pension fund and mutual fund linked retirement plan.	
Fiscal deficit	Fiscal deficit target for FY15, FY16 & FY17 kept at 4.1 per cent, 3.6 per cent & 3 per cent respectively.	
Govt borrowings	Govt plans to borrow Rs 6 lakh crores which will dry up liquidity & given the inflation concern rates may not come down quickly. Which will increase the borrowing cost	
Sector	Measure	Top picks
Auto Neutral	Concessional excise duty to continue till 31st December 2014.	M&M
Banking & Financial services Positive	6 new debt recovery tribunals to be set up to fight rising NPAs. Banks to be permitted to raise long term funds for lending to infrastructure sector with minimum regulatory pre-emption such as CRR, SLR and Priority Sector Lending (PSL). RBI to create a framework for licensing small banks and other differentiated banks. In the case of Mutual Funds, other than equity oriented funds, the capital gains arising on transfer of units held for more than a year is taxed at a concessional rate of 10% whereas direct investments in banks and other debt instruments attract a higher rate of tax. Increase in tax rate from 10% to 20% and holding period from 12 months to 36 months. Equity capital of banks to be raised by increasing the shareholding of the people in a phased manner. Required to infuse Rs 2,40,000 crores as equity by FY18.	BoB, Dena bank, Indian bank, Andhra bank
Real Estate Positive	Incentives for Real Estate Investment Trusts (REITS). Complete pass through for the purpose of taxation. Extended additional tax incentive on home loans shall be provided to encourage people, especially the young, to own houses. Mission on Low Cost Affordable Housing anchored in the National Housing Bank to be set up. A sum of Rs 4,000 crores for NHB from the priority sector lending shortfall with a view to increase the flow of cheaper credit for affordable housing to the urban poor/EWS/ LIG segment is provided. Deduction limit on account of interest on loan in respect of self occupied house property raised from Rs 1.5 lakh to Rs 2 lakh.	Mahindra lifespace
Oil & Gas Negative	No clear roadmap on either subsidy sharing or subsidy reduction.	-ve for ONGC, BPCL, HPCL, IOC



Sector	Measure	Top picks
Metals Positive	<p>Increase in basic customs duty on imported flat-rolled products of stainless steel from 5 percent to 7.5 percent.</p> <p>Anthracite coal, bituminous coal, coking coal, steam coal and other coal to attract 2.5 per cent basic customs duty and 2 per cent CVD</p> <p>The basic customs duty on metallurgical coke is being increased from Nil to 2.5 percent in line with the duty on coking coal.</p> <p>Duty on ship breaking scrap and melting scrap of iron or steel rationalized by reducing the basic customs duty on ships imported for breaking from 5 percent to 2.5 percent.</p> <p>An investment of an amount of Rs 37,880 crores in NHAI and State Roads is proposed. This will increase demand for steel.</p> <p>Increased spending on infrastructure</p>	Tata Steel, JSW Steel
Power Positive	<p>Sunset clause for claiming Sec 80 IA tax holiday extended till March 2017</p> <p>Adequate quantity of coal will be provided to power plants which are already commissioned or would be commissioned by March</p> <p>An exercise to rationalize coal linkages to optimize transport of coal and reduce cost of power is underway.</p> <p>Thrust on solar power.</p> <p>Reduction on import duty of thermal coal</p>	NHPC, JSW Energy, Adani power, Tata power
Infrastructure Positive	<p>An investment of an amount of Rs 37,880 crores in NHAI and State Roads is proposed which includes Rs 3,000 crores for the North East.</p> <p>A modified REITS type structure for infrastructure projects as the Infrastructure Investment Trusts (INVITS).</p> <p>Target of NH construction of 8,500 km will be achieved in current financial year.</p> <p>Work on select expressways in parallel to the development of the Industrial Corridors will be initiated. For project preparation NHAI shall set aside a sum of Rs 500 crores.</p> <p>An institution to provide support to mainstreaming PPPs called 4PIndia to be set up with a corpus of Rs 500 crores.</p>	L&T, Reliance Infra, IRB Infra
Others	<p>Hike in Excise duty on cigarettes in the range of 11-72%</p> <p>The composite cap in the insurance sector to be increased up to 49 per cent from 26 per cent with full Indian management and control through the FIPB route.</p> <p>Increased spending on education</p> <p>Excise duty on footwear reduced from 12% to 6% of retail price exceeding Rs 500 per pair but not exceeding Rs 1000 per pair</p> <p>An investment of an amount of Rs 37,880 crores in NHAI and State Roads is proposed. This will increase demand for cement.</p>	<p>-ve for ITC</p> <p>+ve for Bajaj Finserv, Rel cap, Exide, Max India</p> <p>+ve for Bata, Relaxo & Liberty shoes</p> <p>+ve for ACC, JK Cement, Gujarat Ambuja</p>



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Stock Rating Scale

Absolute Return

BUY	:	>20%
ACCUMULATE	:	12-20%
HOLD	:	5-12%
NEUTRAL	:	0-5%
REDUCE	:	< 5%

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