



What's New!!!

Economic & Business Updates

- **Economic Survey 2020: expects rebound in FY21 with GDP growth at 6-6.5%:** The Economic Survey projected India's economic growth at 6 to 6.5 per cent in the next financial year starting April 1, saying growth has bottomed out.
- **Economic Survey 2020: need to address challenges in farm sector to double income:** To achieve the target of doubling farmers' income by 2022, the Economic Survey said there is an urgent need to address some of the basic challenges like credit, insurance coverage and irrigation facilities in the agriculture and its allied sectors.
- **Budget 2020: India maps out path to promote solar energy and cleaner air:** budget made a push for solar energy and clean air and signaled the end for old and polluting thermal power plants. Climate change has changed rainfall patterns in India, affected communities and caused deaths. Air pollution too has been an increasingly visible problem with India, which houses 15 out of the 20 most polluted cities in the world. With increasing domestic and global pressure to act, India's budget for 2020-21 makes it a front-runner among countries driving change with a policy-level push.
- **Deposit insurance cover raised to ₹5 lakh:** The government has decided to increase the insurance cover for bank deposits to ₹5 lakh from ₹1 lakh, Finance Minister Nirmala Sitharaman said in her Budget speech. This is the first time since 1993 that the deposit insurance cover has been raised. The Finance Minister assured that there was a robust mechanism in place to monitor the health of all Scheduled Commercial Banks and that depositors' money was safe.
- **India January manufacturing PMI at eight-year high of 55.3:** The manufacturing Purchasing Managers' Index (PMI) for India shot up to 55.3 in January from 52.7 in December. A figure above 50 indicates expansion, anything lower signals contraction.
- **Uday Kotak's voting rights capped by RBI:** The Reserve Bank of India agreed to give billionaire Uday Kotak more time to cut his stake in Kotak Mahindra Bank even as the regulator decided to cap his voting rights, ending a decade-long dispute over promoter shareholding.
- **Government will not splurge to boost the economy, FM Sitharaman:** Finance Minister Nirmala Sitharaman said that the government will not go on the splurge to boost economy. Recalling the past experience of government fiscal expansion during the global economic crisis, the Finance Minister said the government has learnt from the past experience.
- **AGR dues not factored in budget calculations, says DEA secretary:** The Union government has excluded dues pertaining to adjusted gross revenue (AGR) that the Supreme Court has directed telecom companies to pay to the department of telecommunications (DoT) in its revenue calculations for the current and the next fiscal year, said economic affairs secretary Atanu Chakraborty.
- **Oil hits 13-month lows as coronavirus outbreak cuts demand:** As the coronavirus outbreak hits fuel demand in China, the world's biggest crude oil importer, refiner Sinopec Corp (0386.HK) told its facilities to cut throughput this month by about 600,000 barrels per day (bpd), or 12 per cent, the steepest cut in more than a decade.
- **Coronavirus: China shares in biggest fall in four years:** Fears over the coronavirus triggered a sharp fall in Chinese shares when the market reopened after the Lunar New Year holiday. The Shanghai Composite index closed nearly 8% lower, its biggest daily drop for more than four years. Manufacturing, materials, and consumer goods companies were among the hardest hit, while healthcare shares soared.

From the PRESIDENT'S DESK

Warm Greetings to all Readers!!!

Indian benchmark indices SENSEX and NIFTY in the month gone by witnessed significant selling pressure on back of foreign out flow and lower participation received from domestic institutions. Nifty saw a drop of almost 2% and underperformed many of the other world markets. Under performance in our market can also be partly attributable to global cues and jittery commodity market on back of virus outbreak from China.

Recently tabled Economic survey suggests a return to the government's original slogan of 'minimum government, maximum governance', at a time when sections of the industry have expressed discomfiture over 'tax terrorism'. The Survey's broad theme, wrapped around the idea of free markets, is that easing up constraints in setting up a business. It cites in detail the logistics constraints faced by electronics, carpets and apparel exporters. It is hoped that the survey's message of furthering 'economic freedom' is implemented by the Centre.

Proposals in Union budget for FY 2020-21 that affect domestic savers and investors send out very mixed signals on government's intent to encourage domestic savings. Negative reaction by capital markets for budget can be largely attributable towards failure in providing a much needed immediate meaningful stimulus for the economy, although there are numerous key long term positive takeaways.

Decoding current union budget, it gives a sense that prime theme was rural economy, improving rural income and spending culture in longer run. The Budget introduces several new schemes besides allocating funds for the already running Government schemes such as PM-Kisan, Ayushman Bharat, Swachh Bharat Mission, Nal se Jal and others. The Union Budget 2020 is focused on reviving the Indian Economy in this fiscal through changes in Income Tax Slabs, taxation reforms, policy changes for Real Estate Sector, the resurgence of Automobile sector, encourage privatization in CPSEs, boost for MSMEs, Bank reforms and so on.

Union Budget 2020 proposed a new 'taxpayer's charter' aimed at boosting trust between the citizens and the authorities in order to improve the efficiency of tax



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administration. This ensures the taxpayer's rights and acts against any sort of unfair harassment faced by the taxpayers. As a matter of pride very few nations in the world possesses such a charter and our country joins such elite league on back of introduction of 'taxpayer's charter'.

The removal of DDT is a welcome and much-expected move in line with the recommendations of the Direct Tax Code Panel. The proposal is to replace DDT with a classical system of taxation i.e. instead of levying DDT on companies, the tax should be levied in the hands of shareholders. The prospective abolishment of DDT in India would now put to an end the litigation in relation to reduction in the rate of DDT. Taxpayers falling under lower tax bracket would benefit from abolition of DDT as the tax to be paid by them would be less than what they were paying earlier indirectly through DDT. This move could likely encourage low income earners and traditional household savers to consider and invest in capital market. An individual with total income upto 5 lakhs will not have to pay tax on dividend income as against 20.56% paid by them indirectly earlier.

Under personal Income Tax, the budget has provided an option to choose new tax rates wherein various deductions and exemptions will not be available. This may lend to more surplus in the hands of millennials which can spur consumer demand. However the old tax rate also are available.

As the budget impact is now known to markets, uncertainty in this regard as far as markets are concerned is out of the way. From here on markets could largely follow global cues, left out domestic corporate earnings and RBI monetary policy scheduled later this week.

Happy and Safe Investing!!!

Snap Shots

Inflation (WPI) (%)	2.59% (Dec 19)	0.58% (Nov 19)	0.16% (Oct 19)	0.33% (Sep 19)
Inflation (CPI) (%)	7.35% (Dec 19)	5.54% (Nov 19)	4.62% (Oct 19)	3.99% (Sep 19)
India Industrial Production (IIP) (%)	1.8% (Dec 19)	-3.8% (Nov 19)	-4.3% (Oct 19)	-1.1% (Sep 19)
Particulars	31-Jan-2020	24-Jan-2020	17-Jan-2020	10-Jan-2020
91-Day Cut-off (%)	5.12	5.11	5.13	5.05
10-yr G-Sec yield (%)	6.59	6.57	6.62	6.58
USD/INR(Rs)	71.55	71.33	71.07	70.96
EUR/INR (Rs)	79.38	78.64	78.82	78.92

Global Indices

Indices	Country	Index as on 31.1.2020	Index as on 31.12.2019	Variation (%) (Inc/ Dec)
SENSEX	India	40,723.49	41,253.74	-1.29
NIFTY 50	India	11962.10	12168.45	-1.70
NASDAQ	United States	9,150.94	8,972.60	1.99
DJIA	United States	28,256.03	28,538.44	-0.99
S&P 500	United States	3,225.52	3,230.78	-0.16
Hang Seng	Hong Kong	26,312.63	28,189.75	-6.66
Nikkei 225	Japan	23,205.18	23,656.62	-1.91
Shanghai Composite	China	2,976.53	3,050.12	-2.41
Straits Times	Singapore	3152.07	3219.47	-2.09
FTSE 100	United Kingdom	7279.65	7602.15	-4.24
CAC 40	France	5,806.34	5,978.06	-2.87
DAX	Germany	12,981.97	13,249.01	-2.02

Institutional Investments

Category	Debt / Equity	Gross Purchases (Rs Crores)	Gross Sales (Rs Crores)	Net Investment (Rs Crores)
FII Investments January 2020	Equity	14,407.46	18,157.10	-3,749.64
	Debt	3,140.96	2,941.85	199.11
Mutual Fund January 2020	Equity	7,066.61	10,526.27	-3,459.66
	Debt	19,223.80	15,582.04	3,641.76
FII Derivative Trades (Rs. in Crores) January 2020	INDEX FUTURES	INDEX OPTIONS	STOCK FUTURES	STOCK OPTIONS
- Buy	12397.18	483388.65	23837.44	15023.64
- Sell	13400.75	481812.18	23140.39	15063.16

New Fund Offers

Fund Name	Open Date	Close Date	Min. Investment (Rs.)	Type
ITI Small Cap Fund	27-Jan-2020	10-Feb-2020	5,000	Open Ended
SBI Capital Protection Oriented Fund - Series A (Plan 7)	27-Jan-2020	10-Feb-2020	5,000	Close Ended
IDFC Emerging Businesses Fund	03-Feb-2020	17-Feb-2020	Fresh Purchase 5000/- Additional Purchase 1000/-	Open Ended
ICICI Prudential Fixed Maturity Plan - Series 87 - 1163 Days Plan C	04-Feb-2020	18-Feb-2020	5000	Close Ended

Forthcoming Corporate Action

Symbol	Company Name	Purpose	Ex-Date	Record Date
DCMSHRIRAM	DCM Shriram Limited	Interim Dividend - Rs 4.20 Per Share	06-Feb-20	07-Feb-20
KKCL	Kewal Kiran Clothing Limited	Interim Dividend - Rs 15 Per Share	06-Feb-20	07-Feb-20
NIITTECH	NIIT Technologies Limited	Interim Dividend - Rs 10 Per Share	07-Feb-20	10-Feb-20
CUMMINSIND	Cummins India Limited	Interim Dividend - Rs 7 Per Share	07-Feb-20	10-Feb-20
SRF	SRF Limited	Interim Dividend - Rs 7 Per Share	10-Feb-20	11-Feb-20
DHAMPURSUG	Dhampur Sugar Mills Limited	Interim Dividend - Rs 6 Per Share	12-Feb-20	13-Feb-20
WELCORP	Welspun Corp Limited	Interim Dividend - Rs 10 Per Share	12-Feb-20	13-Feb-20
MOIL	MOIL Limited	Interim Dividend - Rs 3 Per Share	13-Feb-20	14-Feb-20

Stock picks

Company Name	Current Market Price (CMP) (RS)	Buy / Sell	Recommended Buy / Sell price range	Stop loss	Target	Short / Medium / Long term
Hindalco	189.15	Buy	189	180	202	Short term
IOC	114.10	Buy	110-113	106	122	Short term
Indusind bank	1263.10	Buy	1263	1230	1320	Short term

* Short term – 3 to 6 months, Medium term – 6 to 12 months, Long term – 12 months and above, CMP as on 04.02.20.

Crude and Rupee check

Crude opened at \$66.41 in January. Crude price in the month of January witnessed significant price up move of almost \$13. After hitting low of \$57.71 in January saw a sharp up move and closed the month and year at \$58.16. Rupee closed at Rs71.55 on 31st January, 2020.

Brent crude price movement



USD-INR price movement



Sector-wise performance (January 2020)

Sector	Market-Cap (Rs)	% Change	Advance	Decline
Agri	85,228	-22.67%	7	51
Alcohol	88,025	2.32%	2	8
Automobile & Ancillaries	9,74,921	-29.67%	7	106
Aviation	54,740	-1.42%	1	2
Banks	23,05,687	-5.54%	7	31
Capital Goods	2,94,454	-25.63%	12	73
Chemicals	6,41,325	16.55%	21	79
Construction Materials	3,90,776	-7.76%	5	49
Consumer Durables	1,51,495	14.66%	7	18
Containers & Packaging	5,698	-37.90%	0	10
Diamond & Jewellery	1,40,417	11.82%	4	8
Diversified	1,80,557	-24.98%	4	17
Electricals	19,274	-49.12%	2	22
ETF	19,241	-16.07%	36	10
Finance	13,29,497	8.06%	19	88
FMCG	14,43,382	20.93%	16	24
Footwear	43,511	116.91%	2	3
Healthcare	7,41,413	-4.01%	26	70
Hospitality	38,190	-38.66%	3	20
Industrial Gases & Fuels	1,22,174	-2.38%	4	2
Infrastructure	3,20,008	-21.32%	2	56
Insurance	3,99,810	9.45%	4	2
Logistics	79,019	-27.26%	2	28
Manufacturing	15,472	-15.13%	1	5
Media & Entertainment	72,955	-51.88%	3	33
Metals & Mining	5,74,910	-38.71%	9	91
Miscellaneous	99,476	-16.01%	3	36
Oil & Gas	13,50,001	1.76%	2	12
Paper	8,942	-50.72%	0	21
Photographic Products	14	-81.39%	0	1
Plastic Products	57,732	-12.40%	5	23
Power	3,85,702	-17.16%	6	25
Real Estate	1,91,547	-18.90%	7	48
Retailing	2,05,252	35.48%	4	9
Ship Building	4,910	-30.58%	0	1
Software & IT Services	16,82,683	21.89%	20	68
Telecom	3,78,733	-29.57%	3	20
Textiles	95,933	-35.08%	7	97
Trading	44,893	-16.31%	1	16

MAJOR HIGHLIGHTS OF THE BUDGET 2020

THEME: ASPIRATIONAL INDIA; ECONOMIC DEVELOPMENT FOR ALL & A CARING SOCIETY

THEME 1: ASPIRATIONAL INDIA

AGRICULTURE SECTOR

- Budget is aimed at doubling farmer income by 2022. State governments to implement national laws such as Contract Farming, 2018, APMC 2017 and Model Agriculture Land Leasing Act, 2016. Comprehensive measures to be undertaken for 100 water-stressed districts. Provide stand-alone solar pumps to around 20 lakh farmers. Over 15 lakh farmers with barren lands will be allowed to solarise their farms and balanced use of fertilisers to transform current incentive regime.
- Village Storage Scheme run by self-help groups: Women self-help groups can now get help from NABARD or Mudra.
- The government will help those states that work for 'one product, one district'.
- Integrated Farming Systems to be developed in rain-fed areas.
- Negotiable Warehousing Receipts Financing has crossed Rs 6,000 crore.
- Budget fixes the target of Agricultural Credit at Rs 15 lakh crore.
- All beneficiaries of PM Kisan scheme will now be covered under the Kisan Credit Card (KCC) scheme.
- MNREGA to be used to develop fodder farms.
- Fish production to be raised to 200 lakh tones by 2022-23.
- Indian Railways to set up "Kisan Rail" so that farm goods can be quickly transported. It will also be used for cold storage of goods through PPP model.
- Ministry of Civil Aviation will launch Krishi UDAN on international and national routes.

WELLNESS, WATER AND SANITATION

- Budget allocates Rs 12,300 crore for Swachch Bharat Mission.
- Budget talks about the "Fit India Movement" in the context of India's fight against the non-communicable diseases.
- Budget seeks to set up hospitals in Indian Tier-II and Tier-III cities under the PPP model.
- Jan Aushadhi Kendra to be expanded.
- Budget allocates Rs 69,000 crore for the Health sector.

EDUCATION SECTOR

- Union Budget 2020 proposes foreign direct investment, FDI and External Commercial Borrowings (ECB) in education.
- As per the budget, 150 higher education institutions will start apprenticeships in 2020-21.
- Urban Local Bodies have been asked to provide internship opportunities for freshers and engineers for a period of one year.
- A degree level online education programme will be launched to provide quality education to deprived sections of community.
- INDSAT exam will be conducted in Asian and African countries under the Study in India programme.
- Budget proposes to set up "National Police University" and "National Forensic Science University".
- Budget proposes to attach a Medical College to every existing district hospital under the PPP model.
- The Budget allocates Rs 99,300 crore for the Education sector and Rs 3000 crore for Skill development.

THEME 2: ECONOMIC DEVELOPMENT

- Union Budget 2020 proposes to set up an "Investment Clearance Cell". An online portal will be launched in this regard.
- A new scheme proposed in electronics manufacturing to spur investments.
- National Technical Textiles Mission proposed.
- All ministries will issue quality standards.
- A new scheme "NIRVIK" announced for fewer duties and taxes on exported products. The scheme will be launched in 2020-21.
- Budget proposes to make each district an export hub.
- Budget allocates Rs 27,300 crore for development of industry and commerce in 2020-21
- National Infrastructure Pipeline to offer employment opportunity
- Government to form a National Logistics Policy soon
- It proposes to build the Chennai-Bengaluru Expressway

INDIAN RAILWAYS

- Electrification of around 27000 km of railway lines achieved within 100 days of Modi Government formation in 2019.
- A large solar power capacity proposed for the Indian Railways. It will be built along the rail track on the Railways owned lands.

- Bengaluru Suburban Rail Project proposed; budget allocates Rs 18,600 crore for this project
- By 2024, the Government would monetize 12 lots of national highways
- With the help of UDAN scheme, 100 airports will be built by 2024
- The fleet of Aircraft will be increased to 1200 planes by 2024
- Rs 1.7 lakh crore allocated for transport infrastructure

ENERGY SECTOR

- Prepaid Smart Meters: States will have to replace existing energy meters with the prepaid smart meters.
- Budget allocates Rs 22,000 crore for the Power and Renewable Energy Sector.
- The national gas grid will be expanded from 16200 km to 27000 km.
- A new policy will be launched for the construction of data centre parks by the private sector.
- Bharat Net to link 1 lakh gram panchayats through Fibre to Home connections
- Budget allocates Rs 6000 crore for the Bharat Net programme
- It provides Rs.8,000 crore in the next 5 years for “National Mission on Quantum Technology and Applications”.

THEME 3: A CARING SOCIETY

- 'Beti Bachao, Beti Padhao': Enrollment of girls in schools is higher than the boys.
- Rs 35,600 crore will be provided for nutrition-related programmes
- Task Force will be constituted to look into the issue of girls of low age entering motherhood
- It allocates Rs 85,000 crore for development of SCs and OBCs
- It allocates Rs 53,700 crore for STs development
- It allocates Rs 9,000 crore for Senior citizens and persons with disabilities

ART & CULTURE

- The government will constitute “Indian Institute of Heritage and Conservation” as a deemed university
- 5 archaeological sites to be developed as top-notch sites; these sites are
- Rakhigarhi, Haryana ♦ Hastinapur, Uttar Pradesh ♦ Sivasagar, Assam ♦ Dholavira, Gujarat ♦ Adichanallur, Tamil Nadu
- The government will build a Tribal Museum in Ranchi.
- The budget allocates Rs 3150 crore for the Ministry of Culture

TOURISM SECTOR

- The Tourism Sector will grow at 7.8% to Rs 1.88 lakh crore.

CLIMATE

- The Coalition for Disaster Resilient Infrastructure to be implemented from January 2021.
- It allocates Rs 4,400 crore to promote clean air in cities with a population of over 1 million people.

BANKING SECTOR

- To avoid the case of citizen harassment, a taxpayer charter will be enshrined in the statutes.
- For recruitment in non-gazetted posts in government and public sector banks, National Recruitment Agency will be constituted.
- It proposes the creation of the New National Policy on Official Statistics
- Deposit insurance cover has been increased tremendously from Rs 1 lakh to Rs 5 lakh.
- Disinvestment in Banks: Government's share in IDBI Bank will be sold to the private sector.

MSME & CORPORATE SECTOR

- The budget proposes a new scheme for MSMEs in the context of subordinate debt.
- The debt recast window of MSME is extended by one year to March 31, 2021.
- Certain categories of government securities will now be opened for Non-Resident Investors.
- The FPI Limit in Corporate bonds has increased to 15%.

STRATEGIC DISINVESTMENT & PRIVATIZATION

- Finance Minister Sitharaman proposes to sell the Government's stake in the Life Insurance Corporation of India (LIC). For this purpose, the LIC IPO will be launched.
- Selling government stake held in IDBI to private investors.
- Disinvestment target increased to 2.1 lakh crore in 2020-21.

INCOME TAX REFORMS

- Budget 2020 transforms the Income Tax regime by introducing new tax slabs and rates. It creates income slabs of upto Rs 5 lakh, from 5 lakh to 7.5 lakh, from 7.5 lakh to 10 lakh, from 10 lakh to 12.5 lakh, from 12.5 lakh to 15 lakh and above.
- Income Tax Slabs 2020 vs 2019: 70 Exemptions Removed.
- Additional Rs 1.5 lakh benefit for home buyers on interest paid on housing loans till March 2021.
- The new and the old tax regime coexists and assesses can choose either of the two tax regime.

OTHER ANNOUNCEMENTS

- The budget proposes the issue of Instant PAN based on Aadhaar.
- The turnover threshold for the audit of MSMEs which was carried out for MSMEs with a turnover of Rs 1 crore, will now be carried out for MSMEs with Rs 5 crore turnover.
- In order to identify dummies, Aadhaar-based verification for GST compliance will be introduced.
- International bullion exchange will be set up in IFSC GIFT City.

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