India

InCred Sector rating

Overweight	Neutral	Underweight
Aluminium	Automobile	Agribusiness
Cement	Auto Ancillary	Aviation
Capital Goods	Consumer staples	Building Materials
Consumer Electricals	Infrastructure	Chemicals
Electronic Manf services		Metals & Mining
Financial Services		Ports & Logistics
Information Technology		
Oil and Gas		
Pharmaceuticals		

India Strategy

Union Budget for 2025-26

- The fiscal consolidation trend has been sustained by making all-out efforts to revive consumer demand through personal income-tax rate reduction.
- Lower spending on infrastructure & PLI scheme incentives disappoint, while higher divestment & income-tax collection growth look ambitious.
- Sectors that benefit from the budget are retailing, consumer durables, FMCG, bikes, car & hospitality. Losers are infra, capital goods, and oil & gas.

Sustains the fiscal consolidation trend

The focus on fiscal consolidation sustained in the Union Budget for 2025-26, as it expects a 40bp cut in the fiscal deficit (FD) to 4.4% of gross domestic product or GDP, which is close to the pre-Covid era of 4.3% in FY10-19 (Fig. 3). Improving the quality of FD by cutting subsidies provide comfort. The large Rs1tr income-tax concession spread across brackets is a bold move; however, expecting a 14% collection growth looks ambitious. Net market borrowings are expected to rise by 7% yoy. The capital expenditure is projected to rise by 9.8% yoy, driven by spending on defence while the flattish trend for road and railway sectors disappoint (Fig. 9). Policy initiatives to allow 100% FDI in the insurance sector, new income-tax code and incentives for the labour-intensive MSME sector provide comfort.

Focus on a single agenda to push urban demand recovery

Addressing the urban consumption demand slowdown challenges by reducing income-tax rates across tax slabs (Fig. 18) is a good move, in our view. This should help improve the credit rating of individuals, improve discretionary spending, help fill capacities and drive private capex in the coming quarters. The beneficiaries from tax cuts will be retailing, consumer durable, FMCG, two-wheeler, car and hospitality sectors. Credit expansion to agriculture and MSME sectors will aid public sector banks' loan growth. The relative losers will be infrastructure and capital goods sectors while the tax reduction for propane will impact gas consumption/ distributors.

We maintain our cautious stance with a preference for large-caps

The fiscal policy focusing on improving the disposable income of consumers to drive GDP growth recovery is a step in the right direction. However, the behaviour of consumers needs to be closely watched as to whether they take this course and also the central bank's response to inflationary pressure on its interest rate outlook. We will be selective on stocks benefiting from the policy i.e. Britannia Industries, Hero MotoCorp, Maruti Suzuki and Havells India. The lower infrastructure spending trend supports our REDUCE rating on NCC. We maintain our stance of the Nifty index's sideways movement with a downward bias as the forward P/E valuation eases to the 10-year mean level, but the downward EPS revision trend is yet to fully bottom out. Our year-end Nifty target stays at 23,260. Our preference for large-caps over small-caps and mid-caps stays.

Figure 1: Government finances at a glance

	% of GDP			
	FY23	FY24	FY25 RE	FY26 BE
GDP Nominal				
1. Revenue Receipts	9.2%	9.2%	9.5%	9.6%
2. Tax Revenue (Net to Centre)	8.1%	7.8%	7.9%	7.9%
3. Non-Tax Revenue	1.1%	1.4%	1.6%	1.6%
4. Capital Receipts	7.0%	5.8%	5.0%	4.6%
5. Recovery of Loans	0.1%	0.1%	0.1%	0.1%
6. Other Receipts	0.2%	0.1%	0.1%	0.1%
7. Borrowings and Other Liabilities	6.7%	5.6%	4.8%	4.4%
8. Total Receipts (1+4)	16.3%	15.0%	14.6%	14.2%
9. Total Expenditure (10+11)	16.3%	15.0%	14.6%	14.2%
10. On Revenue Account	13.4%	11.8%	11.4%	11.0%
11. On Capital Account	2.9%	3.2%	3.1%	3.1%
12. Revenue Deficit (10-1)	4.1%	2.6%	1.9%	1.5%
13. Fiscal Deficit (9 - (1+5+6))	6.7%	5.6%	4.8%	4.4%
Gross Market Borrowing	5.5%	5.2%	4.3%	4.2%
Net Market Borrowing	4.3%	4.0%	3.3%	3.2%

BUDGET ESTIMATES (BE), REVISED ESTIMATES (RE)
SOURCE: BUDGET DOCUMENTS, INCRED RESEARCH

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Figure 2: High-conviction stock ideas

Company	BLOOMBERG TICKER	Reco.	Market Capital	Market Capital	Price	Target Price	Up/down	EPS		2yr EPS CAGR (FY24A-FY26F)	P/E (x)		P/BV (x)		EV/ EBITDA (x)	Dividend Yield (%)	ROE %	Analyst Name
			(Rsbn)	(US$bn)	(Rs)	(Rs)	(%)	FY25F	FY26F		FY25F	FY26F	FY25F	FY26F	FY25F	FY25F	FY25F	
Aditya Birla Sunlife AMC	ABSLAMC IN	ADD	188	2.3	677	850	26%	32.1	39.0	4.1%	21.1	17.4	5.5	4.8	5.5	2.7%	27.6	Jignesh SHIAL
Bajaj Finance	BAF IN	ADD	4,775	57.2	8,000	9,750	22%	271.7	361.4	24.4%	29.4	22.1	5.5	4.5	5.5	0.6%	20.1	Jignesh SHIAL
Bharat Forge	BHFC IN	ADD	542	6.5	1,175	1,622	38%	28.1	34.5	32.3%	45.3	34.0	5.3	4.5	18.4	0.9%	15.6	Pramod AMTHE
Cipla	CIPLA IN	ADD	1,121	13.4	1,440	1,640	14%	61.7	66.4	11.9%	23.3	21.7	3.7	3.2	15.0	0.4%	17.2	Praful BOHRA
Clean Science and Technology	CLEAN IN	REDUCE	148	1.8	1,441	665	-54%	25.3	24.6	3.6%	57.0	58.5	11.0	9.5	40.1	0.0%	21.1	Satish KUMAR
Container Corp of India	CCRI IN	ADD	444	5.3	756	1,133	50%	22.1	28.0	16.8%	34.3	27.0	3.5	3.2	20.4	0.0%	10.8	Rajarshi MAITRA
Cyient DLM	CYIENTDL IN	ADD	38	0.5	494	818	66%	9.3	15.7	42.6%	60.0	31.5	4.0	3.5	27.8	0.0%	12.4	Arafat SAIYED
Deepak Fertilisers & Petrochemicals Corp.	DFPC IN	ADD	138	1.7	1,135	2,051	81%	80.2	92.6	59.9%	14.2	12.2	2.3	2.0	9.4	0.0%	17.5	Pratyush KAMAL
Coal India	GBSL IN	REDUCE	2,290	27.4	385	209	-46%	27.4	24.9	-14.4%	14.1	15.5	3.0	2.7	7.5	3.2%	22.5	Nitin AWASTHI
HDFC Bank	HDFCB IN	ADD	12,471	149.3	1,691	2,150	27%	88.7	104.0	14.0%	19.1	16.3	2.6	2.4	2.6	1.5%	14.5	Jignesh SHIAL
Hero MotoCorp	HMCL IN	ADD	849	10.2	4,402	5,810	32%	242.5	267.2	17.0%	18.2	16.5	4.5	4.1	11.8	3.6%	25.8	Pramod AMTHE
InterGlobe Aviation	INDIGO IN	REDUCE	1,674	20.0	4,492	3,030	-33%	121.1	83.0	-30.7%	29.0	54.1	21.9	15.6	12.8	0.0%	100.0	Rajarshi MAITRA
Lupin	LPC IN	ADD	905	10.8	2,056	2,329	13%	73.6	88.9	57.5%	27.9	23.1	5.4	4.5	17.5	0.4%	21.2	Praful BOHRA
Maruti Suzuki	MSIL IN	ADD	3,916	46.9	12,917	14,261	10%	482.4	543.3	13.5%	28.3	23.8	3.8	3.5	17.9	1.2%	16.0	Pramod AMTHE
Petronet LNG	PLNG IN	ADD	447	5.3	309	519	68%	28.8	40.5	36.6%	10.7	7.6	2.5	2.0	8.0	3.6%	24.1	Pratyush KAMAL
Pidilite Industries	PIDI IN	ADD	1,446	17.3	2,947	3,470	18%	42.3	50.6	20.2%	69.7	58.2	15.5	13.4	46.5	0.6%	23.8	Rohan KALLE
SBI Cards	SBICARD IN	REDUCE	757	9.1	825	550	-33%	20.1	25.0	-0.7%	41.1	33.0	5.7	5.0	5.7	0.4%	14.8	Jignesh SHIAL
Skipper	SKIPPER IN	ADD	44	0.5	434	615	42%	14.7	19.1	57.1%	29.5	22.7	4.4	3.7	11.2	0.1%	15.9	Arafat SAIYED
State Bank of India	SBIN IN	ADD	6,592	78.9	766	1,100	44%	81.8	92.0	11.2%	9.4	8.3	1.6	1.4	1.6	2.7%	18.0	Jignesh SHIAL
Tata Steel	TATA IN	REDUCE	1,601	19.2	133	82	-38%	5.4	5.4	-0.7%	24.5	24.6	1.5	1.4	8.9	1.5%	6.1	Satish KUMAR
TCPL Packaging	TCPL IN	ADD	30	0.4	3,388	4,250	25%	128.5	154.3	17.7%	26.4	22.0	5.0	4.2	12.4	0.8%	20.4	Nishant BAGRECHA
Tata Consultancy Services	TCS IN	ADD	14,210	170.1	4,073	4,915	21%	141.8	158.0	10.9%	28.7	25.8	15.0	13.8	20.2	2.9%	54.3	Abhishek SHINDADKAR

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Union Budget for 2025-26

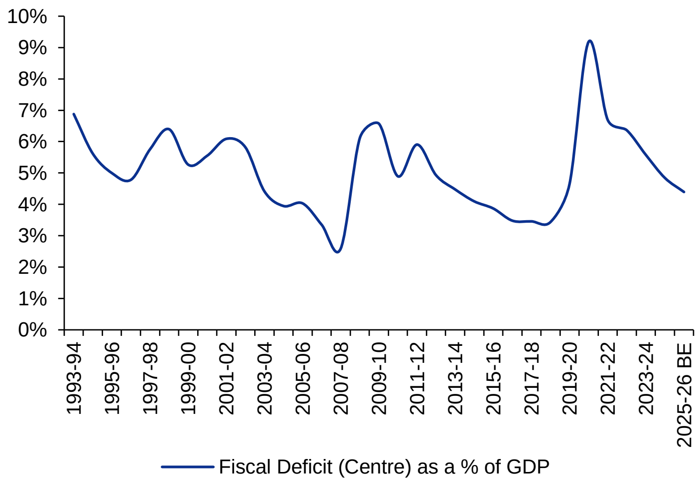
Government finances at a glance

The central government's budget continues to remain focused on fiscal consolidation. The plan is to steadily reduce the GFD-GDP ratio, bringing it close to 4.5% vs. the average of 4.3% in the FY2010-19 period. The total non-debt receipts are budgeted to grow by 11.1% while the government has budgeted to expand spending by only 7.4%. The gross fiscal deficit is thereby reined in from 4.8% of GDP FY25RE to 4.4% in FY26BE. GFD is expected to be at Rs15.7tr, which is similar to FY25RE, while total receipts to rise to Rs35tr and total expenditure to increase to Rs50.7tr.

Considering all deductions in direct taxes, the Centre expects to forgo nearly Rs1tr compared to its previous tax regime. Despite this, the budget estimates regarding income-tax remain sanguine, rising by 14.4% to Rs14.4tr in FY26BE, which looks ambitious. Corporate tax collections are projected at Rs10.8tr, a growth of 10.4% above FY25RE. Goods and services tax or GST collections are expected to rise 10.9% to Rs11.8tr FY26RE. This will also be the final year for collecting the GST compensation cess, introduced in 2017 to offset state revenue losses from GST implementation.

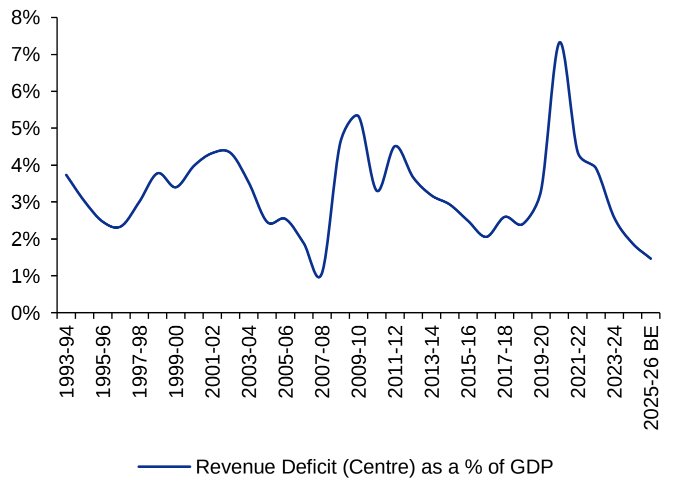
The capital expenditure of the government is expected to grow by 9.8% yoy vs. FY25RE to Rs11.2tr in FY26F, but remain flattish over FY25BE. The rise in capital spending is because of higher allocations to finance, defence and science and technology ministries, which have 61.8%, 21.3% and 19.5% share in the overall increase in capex, respectively. While, the former two ministries have always been a priority to the Centre, the budget provided a healthy allocation to the science and technology ministry on account of its commitment towards investments in innovation.

Figure 3: The fiscal deficit trend eases, but still higher than the pre-Covid level



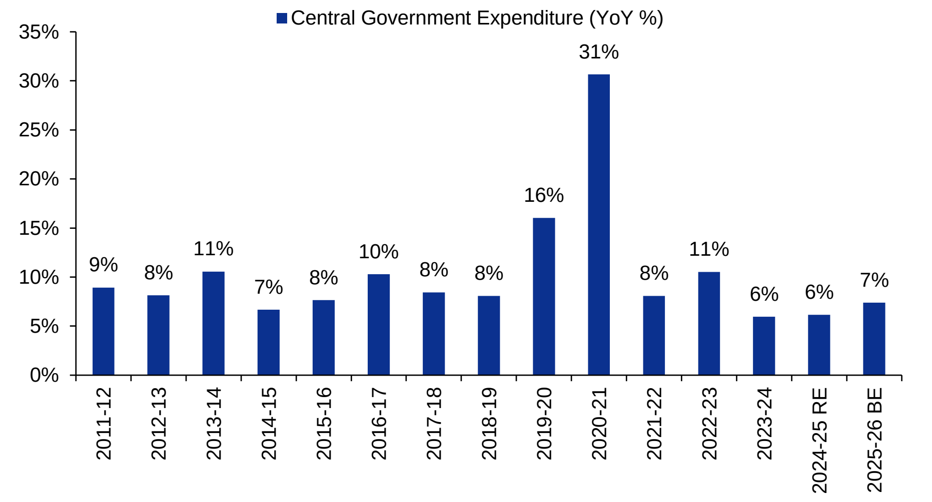
SOURCE: BUDGET DOCUMENTS, INCRED RESEARCH

Figure 4: Revenue deficit trend as a proportion of GDP



SOURCE: BUDGET DOCUMENTS, INCRED RESEARCH

Figure 5: Government's total expenditure growth capped at just 7% yoy



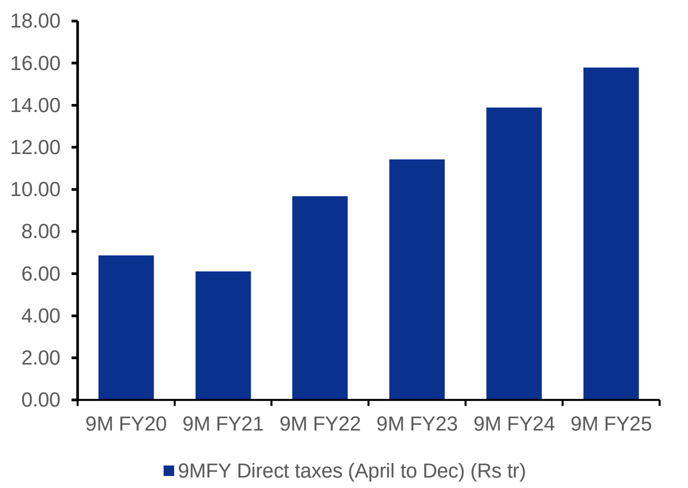
SOURCE: BUDGET DOCUMENTS, INCRED RESEARCH, COMPANY REPORTS

Figure 6: Union Budget for 2025-26 at a glance

	Rs bn				% of GDP				YoY growth %			
	FY23	FY24	FY25RE	FY26BE	FY23	FY24	FY25RE	FY26BE	FY23	FY24	FY25RE	FY26BE
GDP Nominal	2,58,000	2,96,577	3,24,114	3,56,979					9.0%	15.0%	9.3%	10.1%
1. Revenue Receipts	23,832	27,290	30,880	34,204	9.2%	9.2%	9.5%	9.6%	9.8%	14.5%	13.2%	10.8%
2. Tax Revenue (Net to Centre)	20,978	23,273	25,570	28,374	8.1%	7.8%	7.9%	7.9%	16.2%	10.9%	9.9%	11.0%
3. Non-Tax Revenue	2,854	4,018	5,310	5,830	1.1%	1.4%	1.6%	1.6%	-21.8%	40.8%	32.2%	9.8%
4. Capital Receipts	18,100	17,144	16,285	16,449	7.0%	5.8%	5.0%	4.6%	11.5%	-5.3%	-5.0%	1.0%
5. Recovery of Loans	262	266	260	290	0.1%	0.1%	0.1%	0.1%	5.8%	1.9%	-2.4%	11.5%
6. Other Receipts	460	331	330	470	0.2%	0.1%	0.1%	0.1%	214.5%	-28.1%	-0.4%	42.4%
7. Borrowings and Other Liabilities	17,378	16,546	15,695	15,689	6.7%	5.6%	4.8%	4.4%	9.7%	-4.8%	-5.1%	0.0%
8. Total Receipts (1+4)	41,932	44,434	47,165	50,653	16.3%	15.0%	14.6%	14.2%	10.5%	6.0%	6.1%	7.4%
9. Total Expenditure (10+11)	41,932	44,434	47,165	50,653	16.3%	15.0%	14.6%	14.2%	10.5%	6.0%	6.1%	7.4%
10. On Revenue Account	34,531	34,943	36,981	39,443	13.4%	11.8%	11.4%	11.0%	7.9%	1.2%	5.8%	6.7%
11. On Capital Account	7,400	9,492	10,184	11,211	2.9%	3.2%	3.1%	3.1%	24.8%	28.3%	7.3%	10.1%
12. Revenue Deficit (10-1)	10,699	7,652	6,101	5,238	4.1%	2.6%	1.9%	1.5%	3.8%	-28.5%	-20.3%	-14.1%
13. Fiscal Deficit (9 - (1+5+6))	17,378	16,546	15,695	15,689	6.7%	5.6%	4.8%	4.4%	9.7%	-4.8%	-5.1%	0.0%
Gross Market Borrowing	14,210	15,430	14,007	14,820	5.5%	5.2%	4.3%	4.2%	46.7%	8.6%	-9.2%	5.8%
Net Market Borrowing	11,058	11,778	10,745	11,538	4.3%	4.0%	3.3%	3.2%	24.0%	6.5%	-8.8%	7.4%

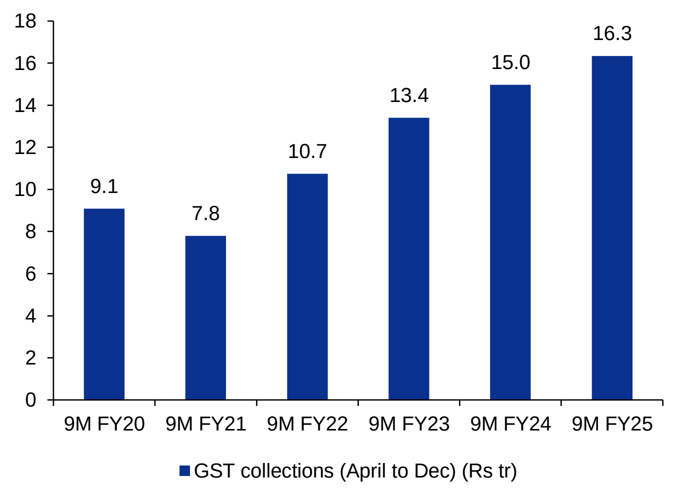
SOURCE: BUDGET DOCUMENTS, INCRED RESEARCH, COMPANY REPORTS

Figure 7: Direct taxes are on an uptrend YTD



SOURCE: CENTRE FOR MONITORING INDIAN ECONOMY OR CMIE, INCRED RESEARCH

Figure 8: Buoyant Goods and Services Tax collections YTD



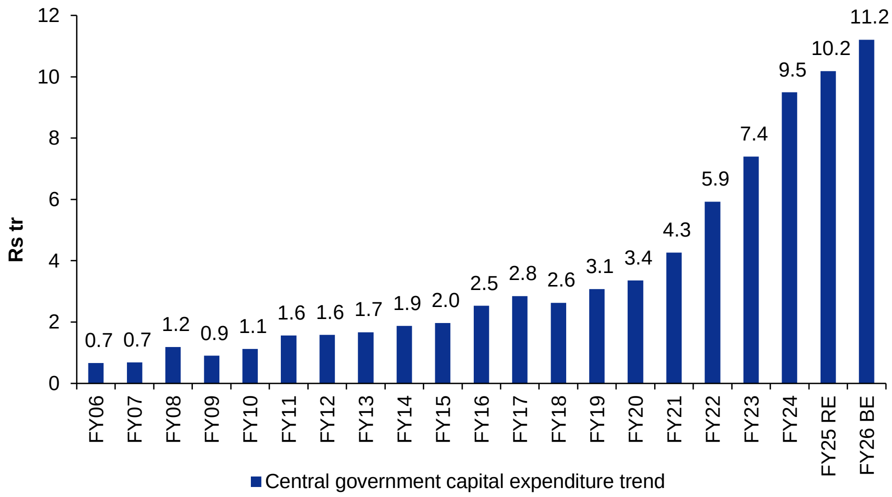
SOURCE: CENTRE FOR MONITORING INDIAN ECONOMY OR CMIE, INCRED RESEARCH

Figure 9: Government capital expenditure by key ministries (Rs bn)

	FY23	FY24	FY25RE	FY25BE	YoY %
Ministry of Road Transport and Highways	2,060	2,639	2,725	2,722	0%
Defence Services	1,429	1,543	1,595	1,800	13%
Ministry of Railways	1,593	2,426	2,520	2,520	0%
Transfer to States	927	1,229	1,394	1,706	22%
Others	1,391	1,656	1,951	2,463	26%
Total Capex	**7,400**	**9,492**	**10,184**	**11,211**	**10%**

SOURCE: BUDGET DOCUMENTS, INCRED RESEARCH

Figure 10: Central government's capital expenditure allocation to rise by 9.8%



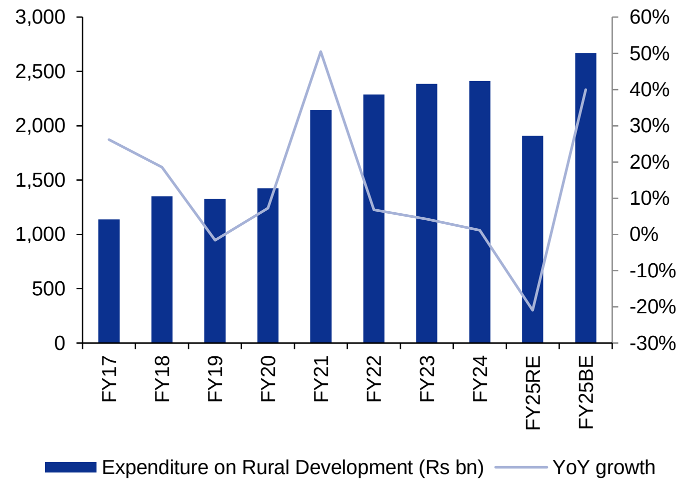
SOURCE: BUDGET DOCUMENTS, INCRED RESEARCH

Figure 11: Outlay on major schemes (Rs bn)

Outlay on Major Schemes (Rs bn)	FY24	FY25RE	FY26BE	YoY %
MGNREGA	892	860	860	0.0%
Pradhan Mantri Awas Yojna (PMAY)	435	476	781	64.1%
Pradhan Mantri Gram Sadak Yojna	154	145	190	31.0%
Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY)	-	1,970	2,030	3.0%
Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)	614	635	635	0.0%
Road Works	1,087	1,106	1,163	5.2%
Urea Subsidy	1,231	1,190	1,189	-0.1%
National Highways Authority of India	1,674	1,694	1,703	0.5%
Jal Jeevan Mission (JJM)/National Rural Drinking Water Mission	700	227	670	195.2%
Nutrient Based Subsidy	652	523	490	-6.3%
Rolling Stock	440	463	455	-1.6%
Metro Projects	195	247	312	26.5%
Crop Insurance Scheme	129	159	122	-22.8%
Urban Rejuvenation Mission: AMRUT and Smart Cities Mission	56	60	100	66.7%
Pradhan Mantri Krishi Sinchai Yojna	61	66	83	24.8%
Swachh Bharat Mission (Gramin)	65	72	72	0.0%
Swachh Bharat Mission (Urban)	24	22	50	131.6%
Direct Benefit Transfer - LPG	15	5	15	200.0%

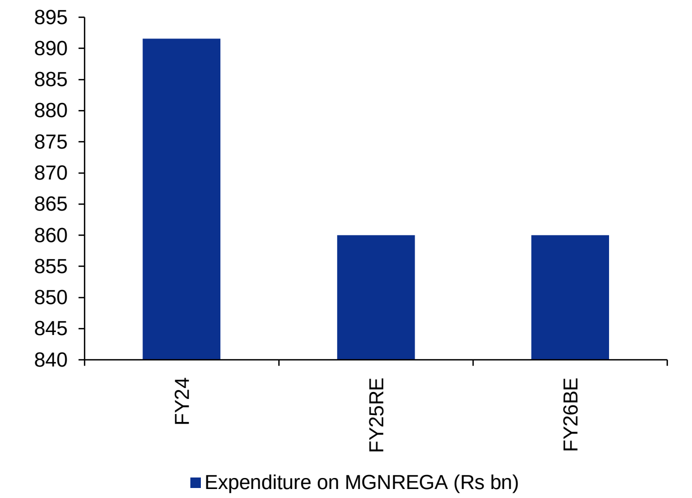
SOURCE: BUDGET DOCUMENT, INCRED RESEARCH

Figure 12: Spending on rural development to improve



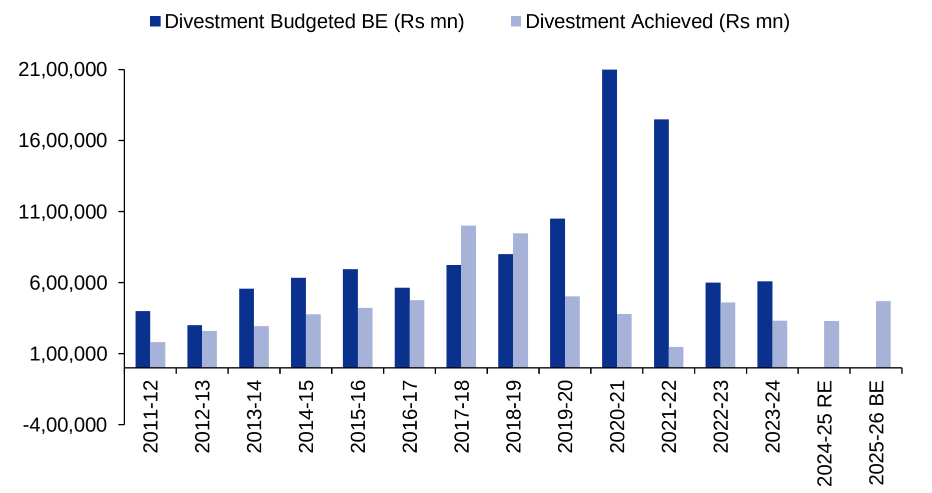
SOURCE: BUDGET DOCUMENT, INCRED RESEARCH

Figure 13: Spending on rural employment guarantee is flattish



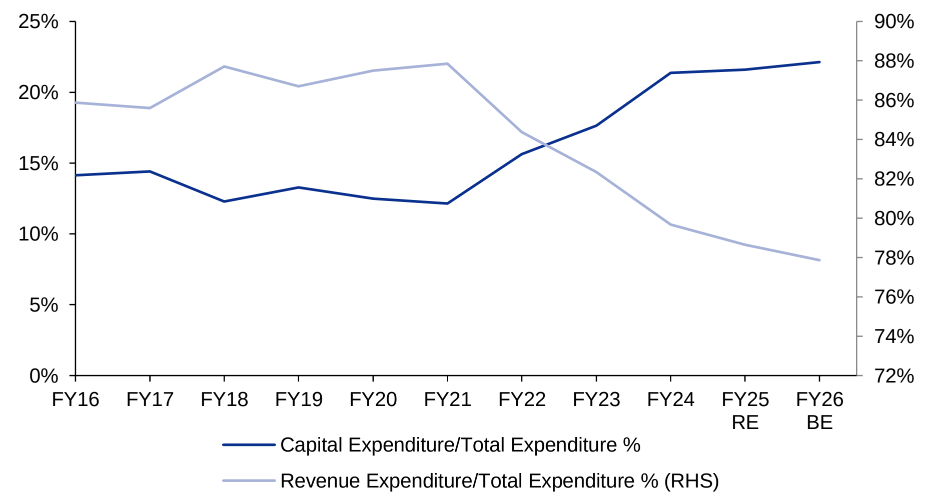
SOURCE: BUDGET DOCUMENT, INCRED RESEARCH

Figure 14: Divestment target uptick (Rs m)



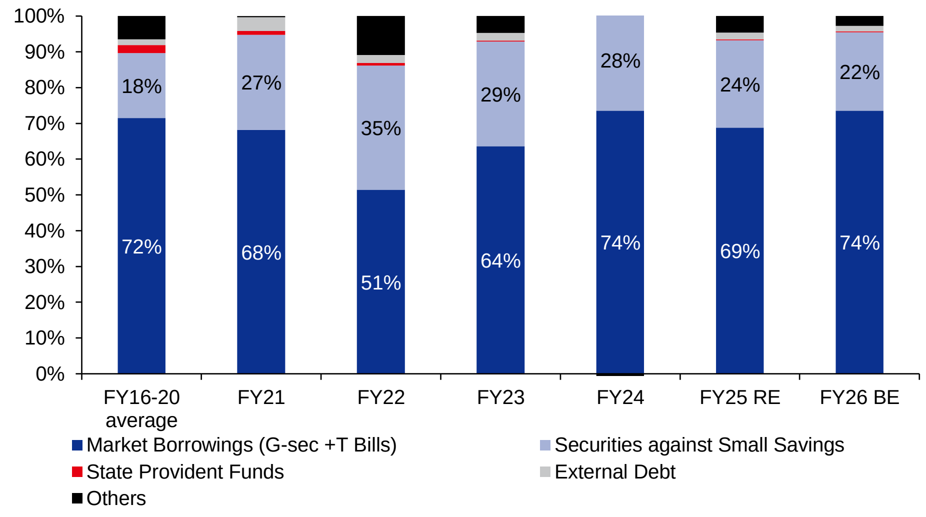
SOURCE: BUDGET DOCUMENT, INCRED RESEARCH

Figure 15: Revenue expenditure reduction as total spending continues



SOURCE: BUDGET DOCUMENT, INCRED RESEARCH

Figure 16: Sources of deficit financing – dependence on market borrowing eases



SOURCE: BUDGET DOCUMENT, INCRED RESEARCH

Figure 17: Sources of deficit financing - details (Rsbn)

	FY23	FY24	FY25RE	FY26 BE
1. Debt Receipts (Net)	17,394	16,538	15,176	15,665
2. Market Borrowings (G-sec + T Bills)	11,058	11,778	11,627	11,538
3. Securities against Small Savings	5,079	4,514	4,119	3,434
4. State Provident Funds	51	51	50	50
5. Other Receipts (Internal Debts and Public Account)	835	-887	260	407
6. External Debt	371	551	320	235
7. Draw Down of Cash Balance	-16	8	520	25
8. Grand Total (1+7)	**17,378**	**16,546**	**15,695**	**15,689**

SOURCE: BUDGET DOCUMENT, INCRED RESEARCH

Figure 18: New slab and tax rates under the new tax regime

Total income	Tax rate (%)
Upto `Rs 4,00,000	Nil
From ` Rs4,00,001 to ` 8,00,000	5
From ` Rs8,00,001 to ` 12,00,000	10
From ` Rs12,00,001 to ` 16,00,000	15
From ` Rs16,00,001 to ` 20,00,000	20
From ` Rs20,00,001 to ` 24,00,000	25
Above `Rs24,00,000	30

SOURCE: BUDGET DOCUMENT, INCRED RESEARCH

Figure 19: Income-tax savings under the new tax regime

Income (Rsm)	Tax on Slabs and rates		Benefit of	Rebate benefit	Total Benefit	Tax after rebate Benefit
	Present	Proposed	Rate /Slab	Full up to Rs12,00,000		
0.8	30,000	20,000	10,000	20,000	30,000	0
0.9	40,000	30,000	10,000	30,000	40,000	0
1.0	50,000	40,000	10,000	40,000	50,000	0
1.1	65,000	50,000	15,000	50,000	65,000	0
1.2	80,000	60,000	20,000	60,000	80,000	0
1.6	1,70,000	1,20,000	50,000	0	50,000	1,20,000
2.0	2,90,000	2,00,000	90,000	0	90,000	2,00,000
2.4	4,10,000	3,00,000	1,10,000	0	1,10,000	3,00,000
5.0	11,90,000	10,80,000	1,10,000	0	1,10,000	10,80,000

SOURCE: BUDGET DOCUMENT, INCRED RESEARCH

Budget proposals and their impact on various sectors

We analyze below in detail the sectoral impact of various budget proposals. The major beneficiaries are consumer durable, electronics manufacturing services or EMS, e-commerce, FMCG and entry-level car & two-wheeler sectors. Infrastructure, defence, and gas distribution sectors are relative losers.

Agriculture sector

Proposal:

- Transforming agriculture research

  The Government of India (GoI) will undertake a comprehensive review of the agriculture research set-up to bring the focus on raising productivity and developing climate-resilient crop varieties. Funding will be provided in the challenge mode, including to the private sector. Domain experts both from the government and outside will oversee the conduct of such research.

- Department of Agriculture & Farmer Welfare
  - The department will take up research based on the priority areas recommended by the Inter-Departmental Committee comprising Secretaries of Department of Agricultural Research and Education (DARE), Department of Agriculture & Farmers Welfare, Department of Fisheries, Department of Animal Husbandry and Dairying.
  - To raise agricultural productivity and develop climate-resilient crop varieties, the research is now focused on genome editing, biofortification, genomic selection, precision farming, drone and sensor technologies, nutraceuticals, nature-positive farming, and commodity-specific consortia in the Public-Private Partnership or PPP mode.
  - New projects in the challenge areas are funded through ICAR (Indian Council of Agricultural Research) under the competitive mode involving public and private sectors and matching the grant from the private sector.
  - Developed technologies are validated and demonstrated in partnership with agricultural universities, NGOs, and the private sector.

- Department of Agricultural Research & Education

  A regular review of genome editing projects will be undertaken. Climate resilience, high yield and improved nutritional quality are focused areas of all crop improvement programmes. Out of 524 field crop varieties/hybrids released since Jan 2024, 455 varieties/hybrids have tolerance/resistance to one or more biotic and/or abiotic stresses. Amongst them 92 varieties have been bred for extreme resilience against abiotic stresses (rain-fed, drought, flood, water logging, terminal heat, low temperature, salinity, low phosphorus) and 33 varieties are biofortified with improved nutritional qualities.

Impact: Long-term positive for the agri industry. R&D activity with government and private sector participation has been bridged.

Proposal:

- **Release of new varieties:** New 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops will be released for cultivation by farmers.
- **Impact:** Long-term positive for the agri industry.

Proposal:

Natural Farming: In the next two years, 10m farmers across the country will be initiated into natural farming supported by certification and branding.

- Implementation will be through scientific institutions and willing gram panchayats. 10,000 need-based bio-input resource centres will be established.
- Department of Agriculture & Farmers Welfare National Mission on Natural Farming (NMNF) scheme has been approved by the Union Cabinet on 25 Nov 2024.
- Department of Agricultural Research & Education Characterization of Network has been formed. All India Network Programme on Organic Farming at Pantnagar (Uttarakhand) has evaluated maize plus cowpea – wheat plus chickpea cropping system under complete natural farming and recorded system yield (maize equivalent) of 9,201kg/ha.
- Department of Rural Development.

- Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) in convergence with the Ministry of Agriculture and Farmers Welfare is providing training to Krishi Sakhis on natural farming. 90,000 Krishi Sakhis will be trained and certified as Para Agriculture Extension Workers.
- In Phase-I, 69,102 Krishi Sakhis were trained. In Phase- II, the training for 20,000 Krishi Sakhis specially focused on northeastern states will commence this year.
- Krishi Sakhis will provide necessary handholding support to Mahila Kisans to adopt natural farming. Each Krishi Sakhi will support 50 – 70 Mahila Kisans.
- 800,000 Self Help Group (SHG) members from 28,000 villages drawn from 18 states have already adopted natural farming.

Impact: Positive thought; however, in our view, execution will not be possible.

Proposal:

Missions for pulses and oilseeds

- For achieving self-sufficiency in pulses and oilseeds, the government to strengthen their production, storage and marketing. As announced in the interim budget earlier, a strategy is being put in place to achieve ‘atma nirbharta’ for oil seeds such as mustard, groundnut, sesame, soybean, and sunflower.
- **Department of Agriculture & Farmers Welfare**
    - For Pulses - Area covered during the Kharif 2024 season was 109.99 lakh ha. During 2024-25, an amount of Rs551.24 crore (~Rs5.51bn) released (as on 16.12.2024).
    - Self-sufficiency in pulses targeted by 2027-28F.
    - For oilseeds - During 2024-25, an amount of Rs478.64 crore (~Rs4.79 bn) released (as on 16.Dec 2024).
    - The mission will be implemented over a seven-year period - from 2024-25 to 2030-31.

- Setting up of the Department of Agricultural Research & Education.
- Released eight varieties of pulses including two chickpea and mungbean, and one each of fieldpea, rajmash, cowpea and lathyrus.
- **Impact:** All this was necessary, given the current size of the import bill. However, in our view, success will depend on GoI’s buying window as a guarantee.

Proposal:

Vegetable Production & Supply Chains

- Large-scale clusters for vegetable production will be developed closer to major consumption centres. GoI will promote farmer-producer organizations, cooperatives and start-ups for vegetable supply chains including for collection, storage, and marketing.

Department of Agriculture & Farmers Welfare

- The framework and schemes guidelines have been formulated. The scheme implementation will start shortly.

Impact: A necessary step, as fresh food supply chains have been facing problems which result in massive loss to the industry.

Proposal:

- **Shrimp Production & Exports**
- Financial support for setting up a network of Nucleus Breeding Centres for Shrimp Broodstock will be provided. Financing for shrimp farming, processing

and export will be facilitated through NABARD. Reduction in basic customs duty.

Department of Fisheries

- Fisheries and Aquaculture Infrastructure Development Fund (FIDF) supports project proposals from private entrepreneurs with concessional finance relating to production, post-harvest, fish transport vehicles and export value chain including the setting up of Nucleus Breeding Centres (NBCs) for shrimp broodstocks. Interest subvention is provided through NABARD to bankable projects supported by scheduled/commercial banks under FIDF.
- Stakeholders' consultation with private entrepreneurs, processors, exporters and industry associations, states/Union territories on fisheries export promotion with a focus on shrimp farming and export value chain was held to mobilize proposals for NBC, BMC, hatcheries, processing plants as well as production/ culture under FIDF.
- It has been decided to approve proposals eligible for interest subvention of Rs1,528.21 crore (~Rs15.28bn) by the end of Mar 2026F. It is targeted to mobilize proposals worth Rs5bn under FIDF from various stakeholders including private entrepreneurs, processors, exporters for creation of the infrastructure needed for shrimp production and export value chain during 2024-25.
  4. Out of the targeted projects worth Rs5bn, project proposals with a total outlay of Rs205.46 crore (~Rs2.05bn) have been approved, proposals with an outlay of Rs8.53 crore (~Rs80.5m) are under consideration and efforts are being made to mobilize the proposals from private entrepreneurs /organisations to ensure to achieve the set target.

Department of Financial Services

NABARD has proposed to support PPPs - SPVs floated by state govts./state-owned entities to set up Shrimp Nucleus Breeding Centres (NBCs) and Broodstock Multiplication Centres (BMCs) under a Hub and Spoke model. A meeting with the Department of Fisheries for further discussion on implementation of the budget proposal through NABARD has been planned.

Figure 20: Aquaculture- Customs duty rate changes

Industry	Produce / Products	FY23	FY24	FY25	FY26
Aqua Feed - Input	Fish meal	15%	5%	5%	5%
Aqua Feed - Input	Krill meal	15%	5%	Nil	Nil
Aqua Feed - Input	Fish oil	30%	15%	Nil	Nil
Aqua Feed - Input	Algal Prime	30%	15%	Nil	Nil
Aqua Feed - Input	Min. & Vit. premixes	15%	5%	Nil	Nil
Aqua Feed - Input	Insect meal	15%	15%	5%	5%
Aqua Feed - Input	Single Cell Protein-NaturalGas	15%	15%	5%	5%
Aqua Feed - Input	Fish Hydrolysate	15%	15%	15%	5%
Aqua Feed	Fish feed pellet	15%	15%	5%	5%
Shrimp Feed	Prawn feed	15%	15%	5%	5%
Shrimp Hatchery	Artemia	5%	5%	Nil	Nil
Shrimp Hatchery	Broodstock	10%	10%	5%	5%
Shrimp Hatchery	Polychaete worms	30%	30%	5%	5%
Shrimp Export - Input	Breaded powder	30%	30%	Nil	Nil
Shrimp Export - Input	Frozen Fish Paste (Surimi)	30%	30%	30%	5%

SOURCE: BUDGET DOCUMENTS, INCRED RESEARCH

- **Impact:** The ongoing exercise by the GoI to remove the hindrance caused by customs duty on shrimp exports continues. Basic customs duty on the products used by shrimp hatcheries and the products used by the shrimp feed industry has significantly reduced over the years.

Automotive sector

- **Proposal**: Income-tax rate cuts, boosting disposable income.
- **Impact**: Improved demand for two-wheelers and entry-levels cars.

- **Proposal**: Customs duty exemption on battery-related equipment, and clean tech incentives.

- **Impact**: Reduces import dependence, thereby improving electric vehicle or EV manufacturing cost and adoption.

- **Proposal**: Customs duty removal on critical minerals like lithium, cobalt, and copper to reduce EV production costs.
- **Impact**: Will improve EV local manufacturing, value addition, and costing.

BFSI sector

- **Proposal:** Facilitating credit to 100 districts selected under the Prime Minister Dhan-Dhaanya Krishi Yojana
- **Impact:** This will enhance formalization of banking credit to rural/semi-urban India and would gradually provide sufficient data to lenders for conducting lending operations. Financial assistance will be sought from multilateral development banks. The formalization will increase lenders' confidence in lending to the region, which provides opportunities in priority sector lending.

- **Proposal:** Multi-sectoral 'Rural Prosperity and Resilience' programme will be launched in partnership with states focusing on rural women.
- **Impact:** Beneficial for microfinance lenders who target rural women customer for formalized credit. The sector is already under stress, and a government-sponsored program will improve its affordability to repay.

- **Proposal:** The loan limit for Kisan Credit Cards (KCC) under the Modified Interest Subvention Scheme will be enhanced from Rs0.3m Rs0.5m.
- **Impact:** The improved limits will increase lenders' confidence in giving loans to farmers, which provides opportunities in priority sector lending.

- **Proposal:** The credit guarantee cover will be enhanced for Micro and Small Enterprises, from Rs50m to Rs100m, leading to an additional credit of Rs1.5tr in the next five years. The government will introduce customized credit cards with a Rs0.5m limit for micro enterprises registered on the Udyam portal. In the first year, 1m such cards will be issued.
- **Impact:** MSME lending is one of the biggest gaps in the lending sector in India. The above moves will not only push MSMEs towards a more formal mode of borrowing but also encourage lenders to fuel up lending to the sector with lower asset quality stress. MSME lenders, including non-banking finance companies or NBFCs, remain the beneficiaries. HDFC Bank, ICICI Bank, Axis Bank, and State Bank of India among banks, and Bajaj Finance and Cholamandalam Finance and Investment Company among NBFCs, are the major beneficiaries.

- **Proposal:** An outlay of Rs1.5tr is proposed for 50-year interest free loans to states for capital expenditure and incentives for reforms.
- **Impact:** This will boost the government capex program which, in turn, will support wholesale as well as retail lending over the medium- to long-term horizon.

- **Proposal:** The government will incentivize electricity distribution reforms and augmentation of intra-state transmission capacity by states.
- **Impact:** This will improve financial health and the capacity of electricity companies which, in turn, will support regular payments and reduce defaults. All public sector banks along with IFCs like PFC, REC, IREDA etc.

- **Proposal:** Special Window for Affordable and Mid-Income Housing (SWAMIH) Fund 2 will be established as a blended finance facility with contribution from the government, banks and private investors. This fund of Rs150bn will aim at expeditious completion of 100,000 housing units.

- **Impact:** Low-ticket housing finance companies are the major beneficiaries along with small finance banks and public sector banks. Home First Finance Company, Aavas Financiers, State Bank of India, and ICICI Bank are the major beneficiaries.

- **Proposal:** The foreign direct investment or FDI limit for the insurance sector will be raised from 74 per cent to 100 per cent. This enhanced limit will be available for those companies which invest their entire premium amount in India. The current guardrails and conditionalities associated with foreign investment will be reviewed and simplified.
- **Impact:** Beneficial for private as well as government insurance companies as this will attract foreign investors to invest in domestic insurance companies

- **Proposal:** Public sector banks will develop 'Grameen Credit Score' framework to serve the credit needs of SHG members and people in rural areas.
- **Impact:** Beneficial for MFI lenders who are already under stress, as they will have access to improved customer/borrower data which, in turn, will improve their ability to take risks.

- **Proposal:** Extension of taxable income and change in tax slabs - Advantage for asset management company or AMC stocks.
- **Impact:** We believe that with the rise in disposable income, AMCs may remain major beneficiaries as the savings through lower taxes might channelize to systematic investment plans or SIPs of AMCs. The market has remained skeptical about the sustainability of AMC flows (especially SIPs) in recent times, which is also visible in a few AMCs' earnings. However, the current changes in the tax slab can ease this concern over the short- to mid-term. NAM India (ADD, TP Rs900) and ABSL AMC (ADD, TP Rs850) remain our top picks among listed AMC stocks. This may act negatively for insurance companies as people might shift to the new regime which, in turn, impacts the demand for insurance plans that are sold under Section 80C. We believe such plans form ~5% of annual insurance premiums.

Capital Goods & Defence sectors

- **Proposal:** Marginal increase in capex by 0.8% to Rs11.21tr.
- **Impact:** Capex target for FY26F increases marginally by 0.8% to Rs11.21tr from Rs11.11tr, 10% higher than the FY25RE of Rs10.18tr. The market was expecting a higher outlay of Rs13-14tr, which remains under-delivered and is a minor negative for capital goods and infrastructure sectors.

- **Proposal:** 100GW of nuclear power capacity. At least five indigenously developed SMRs will be operationalized by 2033F.
- **Impact:** Development of 100GW of nuclear energy by 2047F is essential for our energy transition efforts under the PPP mode. This shows a clear policy shift towards the choice of nuclear power in the long term for meeting base load as an alternative to fossil fuel-based thermal sources, aligned with the country's 2070 Net Zero ambition. A Nuclear Energy Mission for R&D of Small Modular Reactors with an outlay of Rs200bn will be set up.

- **Proposal**: Defence sector allocation increase by 9%.
- **Impact:** Defence sector allocation increased by 9% to Rs6.8tr, including Rs1.8tr of modernization of military items, 10% higher than the FY25RE of Rs6.22tr. Military items include fighter jets, helicopters, warships, submarines, tanks, artillery guns, drones, rockets and missiles. A chunk of the

outlay has been allocated for buying weapons, systems and equipment from domestic suppliers to achieve the self-reliance goal. The allocation in FY26F includes a revenue expenditure of Rs3.11tr and a pension outlay of Rs1.6tr. The defence budget accounts for 1.9% of the India's GDP in FY25F.

- **Proposal:** Promote development of domestic MROs for aircraft and ships.
- **Impact:** In the Jul 2024 budget, to promote development of domestic MROs for aircraft and ships, the government extended the time limit for export of foreign-origin goods that were imported for repairs, from six months to one year and further extendable by one year. This was to extend the dispensation for railway goods.

- **Proposal:** The modified UDAN scheme to enhance regional connectivity to 120 new destinations and carry 40m passengers in the next 10 years.
- **Impact**: The UDAN scheme has enabled 15m middle-class people to meet their aspirations for speedier travel. The scheme has connected 88 airports and operationalized 619 routes. Inspired by that success, a modified UDAN scheme will be launched to enhance regional connectivity to 120 new destinations and carry 40m passengers in the next 10 years. The allocation has been increased to Rs5.3bn for the UDAN scheme in FY26 as against a budget estimate of Rs5bn and a revised estimate of Rs8bn in FY25.

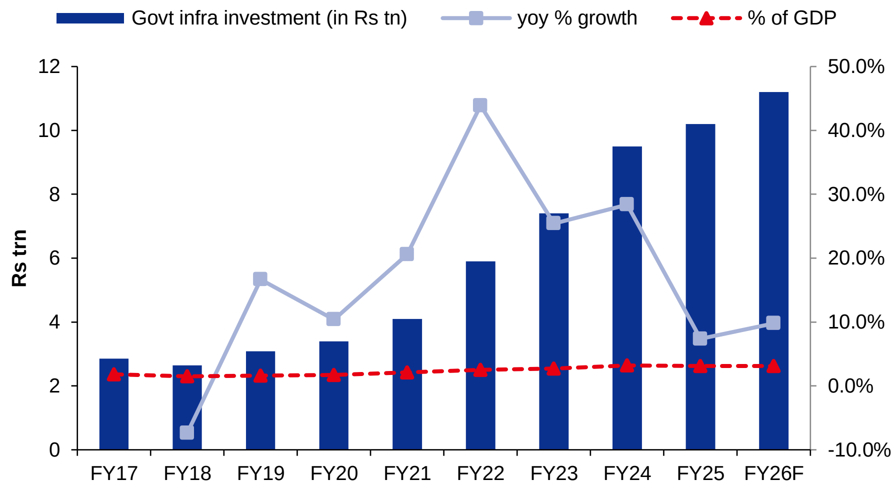
Cement sector

Proposals:

- Capex target for FY26 increased to Rs11.2tr, a 0.8% rise over FY25BE (Rs11.11tr) and 10% higher than FY25RE (Rs10.18tr).
- State infrastructure support of Rs1.5tr in 50-year interest-free loans to boost state-level capital expenditure.
- A Rs1tr fund for urban redevelopment, including city infrastructure, water, and sanitation projects.
- Top 50 tourist destinations to be developed in collaboration with states through a challenge-based model.
- A greenfield airport to be developed in Bihar. The UDAN scheme to enhance air connectivity.
- All infrastructure-related ministries will develop a three-year pipeline for projects under the PPP model. States can seek IIPD support for similar initiatives.
- Best practices sharing and a State Mining Index to drive efficiency in minor mineral mining.

Impact: We believe that even though government capex has been lower than the street expectation of Rs12-14tr, it is still decent, given the measures taken to revive slowdown in overall consumption and in line with its view on the path to fiscal consolidation. The government is likely indicating that it's time for private capex to kick in. We continue to prefer large and pan-India players and believe the cement industry will grow in high single digit over the next few years. We believe the spending in the next two months will be very high, as per estimates on capex spending for FY25 vs. what's some so far. This can improve cement prices in the medium term. Important for the cement industry where major mining leases are expected to be renewed in 2030-2031F.

Figure 21: Infrastructure spending trend



SOURCE: BUDGET DOCUMENTS, INCRED RESEARCH

Consumer durables sector

- **Proposal:** Relief for individuals with income up to Rs12,00,000 per annum.
- **Impact:** Relief for individuals with income up Rs12,00,000 per annum is positive from the consumer durables sector. Players like Havells India, Crompton Greaves Consumer Electricals, and V-Guard Industries are key beneficiaries,

Consumer Overall sector

Proposal:

- Allocation made towards Mahatma Gandhi National Rural Employment Guarantee scheme **(MNREGA) of Rs860bn for FY26F (budgeted estimate) is flat yoy compared to the revised estimate of Rs860bn FY24F, which is lower by 4% yoy when compared to FY24 actuals**. There has been no change towards the MNREGA allocation since the interim budget.
- **Pradhan Mantri Kisan Samman Nidhi (PM Kisan)**: Budgeted estimate of Rs635bn for FY26 is the same as the revised estimate of Rs635bn for FY25, which is 3% up yoy compared to FY24 actuals. There has been no change to allocations under the PM Kisan scheme since the interim budget.
- Revised income-tax slabs with nil taxation for income up to Rs12,00,000 per annum (Rs10,00,000 per annum earlier).

Impact:

- There have been no meaningful changes in major social welfare schemes like MNREGA, PM-Kisan, etc. since the interim budget and hence, no meaningful uptick is expected in rural demand from this budget. Revision in income-tax slabs, with nil taxation for income up to Rs12,00,000 per annum should provide some impetus for a revival in consumption, especially in urban markets. From a consumer lens, dual income households, where both breadwinners earn below Rs12,00,000 per annum, may see the largest benefit. Urban heavy companies like Britannia Industries (ADD), Colgate-Palmolive (HOLD), Nestle India (HOLD) and Titan Company (ADD) may see incremental improvement in demand. Other FMCG names like Marico (ADD), Jyothy Labs (ADD), Emami (ADD), Dabur India (ADD), and Hindustan Unilever (HOLD) can also stand to gain from improvement in consumption.

Proposal:

Budgeted estimate of **Pradhan Mantri Awas Yojana (PMAY)** for FY26 at Rs721bn, an increase by 64% over the revised estimate of FY25 of Rs439bn, which is 6% above the Rs415bn earmarked in FY24.

Impact:

The allocation for FY26F (+64% yoy) when compared to revised estimates of FY24F can provide an incremental impetus for growth. The revised estimates for FY25F at Rs439bn are 6% higher than FY24 actuals. For paint companies, only 20-25% of demand comes from fresh painting and the remaining is from re-painting. Hence, the impact is expected to be neutral.

Figure 22: Details of major central government-sponsored schemes

	Actuals	Actuals	Actuals	Actuals	Actuals	Budgeted Estimate	Revised Estimate	Budgeted Estimate
Rs bn	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25F**	**FY25F**	**FY26F**
Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)	717	1,112	985	902	892	610	860	860
growth (%, yoy)		***55%***	***-11%***	***-8%***	***-1%***		***-4%***	***0%***
Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)	487	610	668	583	614	600	635	635
growth (%, yoy)		***25%***	***10%***	***-13%***	***5%***		***3%***	***0%***
Pradhan Mantri Awas Yojna (PMAY)- Rural	181	193	301	450	218	545	324	548
Pradhan Mantri Awas Yojna (PMAY)- Urban	68	210	600	287	197	236	115	172
PMAY Total	**250**	**403**	**900**	**736**	**415**	**781**	**439**	**721**
growth (%, yoy)		***61%***	***124%***	***-18%***	***-44%***		***6%***	***64%***

SOURCE: BUDGET DOCUMENTS, INCRED RESEARCH

Cloud computing/GPU hyperscalers/ IT-enabled services sector

Proposal: Focus on India start-up ecosystem – Positive for L1 bidders in India under AI mission and India-based cloud hyperscalers (E2E Networks: Not Rated)

Impact:

- Incentives for artificial intelligence or AI start-ups could aid the ecosystem – extension of the period of incorporation by five years to allow taxation benefits (under Section 80IAC) for eligible start-ups incorporated before 1 Apr 2030. Earlier, a deduction of 100% of profit and gains for a consecutive three years out of 10 years was provided, subject to the total turnover being <Rs1bn. Earlier, the said benefit was available for start-ups incorporated after 1 Apr, 2016 but before 1 Apr 2025.
- Deep Tech Fund of Funds to explore next generation start-ups. Alternate investment funds or AIFs for start-ups received a commitment of >Rs910bn which is supported by the Fund of Funds set up with a government contribution of Rs100bn. A new Fund of Funds with expanded scope and a fresh contribution of Rs100bn will be set up. Centre of excellence in artificial intelligence (AI) for education with a total outlay of Rs5bn. Together, it could boost the AI start-up landscape/ecosystem which, in turn, is positive for India AI mission L1 bidders.
- Expansion of capacity in IITs – infrastructure investments in higher education institutes focused on research is relevant for E2E Networks.

E-commerce sector

Proposal: Food tech coverage (Zomato: Rating – ADD, TP: Rs270; Swiggy: Rating – ADD, TP: Rs540).

Impact:

- Changes in direct taxes and slabs to increase the disposable income and spending ability: Positive
- Social security scheme for online platform workers: Identity cards and registration on the e-shram portal along with healthcare under the PM Jan Arogya Yojana could help elevate the employment status and, in turn, attract incremental workers. Better availability of talent could alleviate concerns related to rising delivery costs.

EMS sector

- **Proposal:** To increase the basic customs duty or BCD on interactive flat panel display from 10% to 20% and reduce the BCD to 5% on open cell and other components.
- **Impact:** Exemption of BCD on several capital goods required for manufacturing EV batteries will bring down the capex for setting up cell manufacturing plants in India, giving a boost to the nascent industry. This will boost domestic manufacture of lithium-ion batteries, both for mobile phones and EVs.

- **Proposal:** Customs duty exemption for EVs and mobile phones - The revised list now includes 35 additional capital goods for electric vehicle battery production and 28 additional capital goods for mobile phone battery manufacturing.
- **Impact:** This will boost domestic manufacture of lithium-ion batteries, both for mobile phones and EVs. The initiative is expected to accelerate the growth of the domestic battery industry, reducing reliance on imports and fostering India's self-sufficiency in battery technology. By easing the cost burden on manufacturers, the exemption aims to enhance the country's capabilities in lithium-ion battery production, a critical component for the rapidly growing EV and smartphone sectors.

- **Proposal:** Reduction in customs duty from 2.5% to nil for inputs and sub-parts of printed circuit board assembly or PCBA, camera module, connectors and inputs or raw materials.
- Cut in customs duty from 10-15% to 5% to open cell for interactive flat panel display module, touch glass sheet and touch sensor PCB for use in the manufacture of interactive flat panel display module.
- **Impact:** The lower customs duty will lead to a notable increase in demand, which may provide additional upward support to prices.

Infrastructure sector

- **Proposal:** Capital allocation to infrastructure + internal & extra budgetary resources (IEBR) for PSUs was Rs7.2tr (2% below FY25 budget & 1% below FY25 revised estimate). This is the second consecutive year of muted budget allocation (flat over FY24-26). While weak yoy growth in FY25 was expected, as it was the year of general elections, the 2% yoy dip in FY26 is disappointing. This is a far cry from the growth witnessed in FY22-24, when spending rose by 30-35% yoy. Infrastructure spending during general elections (FY10, FY15, FY20) witnessed a dip vs. trendline growth.
- **Impact:** Negative for construction companies.
- Note: We consider spending on the sectors such as roads, railways, power (including renewables), civil aviation, telecom, drinking water and shipping.

Figure 23: Capital + investment in PSUs via IEBR

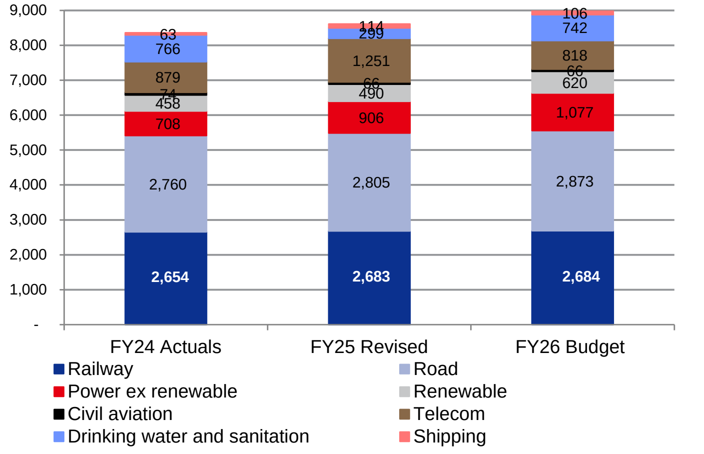
(Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Budget	3,461	4,314	4,458	5,111	7,266	7,397	7,249
yoy growth %		25	3	15	42	2	(2)
Actual *	3,132	3,546	3,922	5,342	6,895	7,306	
yoy growth %		13	11	36	29	6	
Actual as % of Budget	90	82	88	105	95	99	-

* Revised taken as actual for FY25

SOURCE: BUDGET DOCUMENTS, INCRED RESEARCH

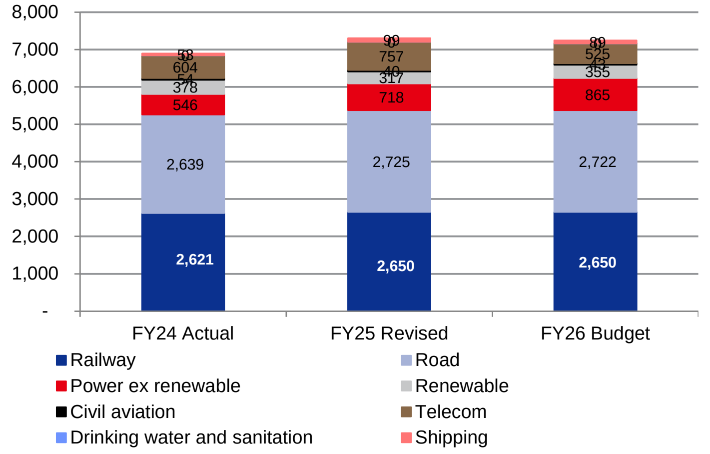
Allocation (capital+ IEBR) to road and railway sectors (74% of overall spending on infrastructure) is flat vs. the FY25 revised estimate. There was a 20% yoy rise in power (ex-renewables), and a 12% yoy rise in renewable power while allocation to telecom declined 31% yoy (vs. FY25 RE).

Figure 24: Overall allocation to the infrastructure sector (Rs bn)



SOURCES: BUDGET DOCUMENTS, INCRED RESEARCH

Figure 25: Infrastructure sector allocation – Capital + IEBR



SOURCE: BUDGET DOCUMENTS, INCRED RESEARCH

Pharmaceutical sector

Proposal: Marginal increase in the PLI scheme from Rs21bn to Rs24.4bn.

Impact: Most of the increase in the PLI scheme is in the pharmaceutical segment while the allocations for KSMs/bulk drugs/medical devices have largely been flattish.

Figure 26: Budget outlay on the pharmaceutical sector

Rs bn	Budget 2024-25	Revised 2024-25	Budget 2025-26
Development of Pharmaceutical Industry			
Promotion of Bulk Drugs	10.00	3.00	14.60
Promotion of Medical Device Parks	1.50	-	-
PLI Scheme			
PLI for Domestic Mfg. of KSM, Intermediates, API	0.58	0.22	0.40
PLI for Domestic Mfg. of Medical Devices	0.85	0.82	1.05
PLI for Pharmaceuticals	20.00	20.47	23.00
Total PLI Scheme	**21.43**	**21.51**	**24.45**

SOURCE: BUDGET DOCUMENTS

Proposal: Addition of 36 life-saving drugs and medicines to the list of medicines fully exempted from basic customs duty or BCD. Also, there is the addition of six life-saving medicines to the list of concessional customs duty of 5%. The given exemption or concessional BCD is applicable till 31 Mar 2029.

Impact: These drugs are manufactured by big MNC pharma companies (NOT COVERED) and have import dependence. Duty exemption or concession will help to lower the prices of these drugs in India and benefit the patients. On the whole, we understand it would be neutral as these are low-volume drugs.

Figure 27: List of life-saving drugs exempted from BCD

BCD				
Sr. No.	Drug name	Brand name	Manufacturer	Supplier in India
1	Onasemnogene abeparvovec	Zolgensma	Novartis Gene Therapies	Novartis
2	Asciminib	Scemblix	Novartis	Novartis
3	Mepolizumab	Nucala	GSK	GSK
4	Pegylated Liposomal Irinotecan	Onivyde	Les Laboratoires Servier	Servier India Pvt Ltd
5	Daratumumab	Darzalex	Janssen Biotech, Inc.	Janssen Pharmaceuticals
6	Daratumumab subcutaneous	Darzalex	Janssen Biotech, Inc.	Janssen Pharmaceuticals
7	Teclistamab	Tecvayli	Janssen Biotech, Inc.	-
8	Amivantamab	Rybrevant	Janssen Biotech, Inc.	-
9	Alectinib	Alecensa	Roche	Roche Products India Pvt Ltd.
10	Risdiplam	Evrysdi	Roche	Roche Pharma India
11	Obinutuzumab	Gazyva	Roche	Roche Products India Pvt Ltd.
12	Polatuzumab vedotin	Polivy	Roche	Roche Diagnostics India Pvt Ltd
13	Entrectinib	Rozlytrek	Roche	Genentech
14	Atezolizumab	Tecentriq	Roche	Roche Products India Pvt Ltd.
15	Spesolimab	Spevigo	Boehringer Ingelheim Pharma	Boehringer Ingelheim
16	Velaglucerase Alpha	VPRIV	Takeda	Shire Plc
17	Agalsidase Alfa	Fabrazyme	Sanofi	Novartis India.
18	Rurioctocog Alpha Pegol	Adynovate	Takeda	Takeda
19	Idursulphatase	Elaprase	Takeda	Alleviare Life Sciences Pvt Ltd
20	Alglucosidase Alfa	Myozyme	Sanofi	Sanofi
21	Laronidase	Aldurazyme	BioMarin Pharmaceuticals Inc.	Genzyme Corporation
22	Olipudase Alfa	Xenpozyme	Sanofi	Sanofi
23	Tepotinib	Tepmetko	Merck & Co.	Merck
24	Avelumab	Bavencio	Merck & Pfizer	Merck
25	Emicizumab	Hemlibra	Roche	Roche Pharma India
26	Belumosudil	Rezurock	Sanofi	Sanofi Healthcare
27	Miglustat	Zavesca	Actelion Pharmaceuticals	Simson Pharma
28	Velmanase Alfa	Lamzede	Chiesi Farmaceutici S.p.A.	
29	Alirocumab	Praluent	Regeneron Pharma and Sanofi	3S Corporation
30	Evolocumab	Repatha	Amgen	Dr Reddy's Laboratories
31	Cystamine Bitartrate	Cystagon	Multiple	Alleviare Life Sciences
32	CI- Inhibitor injection	Cinryze	CSL Behring, ViroPharma Biologics, Inc., and Pharming Group N.V.	Takeda
33	Inclisiran	Leqvio	Novartis	Novartis India.
34	Agalsidase Beta	Fabrazyme	Sanofi	Sanofi
35	Imiglucerase	Cerezyme	Sanofi	Sanofi
36	Eptacog alfa activated recombinant coagulation factor VIIa	NovoSeven RT	Novo Nordisk	Novo Nordisk
List of drugs included under concessional 5% BCD rate				
Sr. No.	**Drug name**	**Brand name**	**Manufacturer**	**Supplier in India**
1	Fluticasone Furoate + Umeclidinium + Vilanterol FF/UMEC/VI	Trelegy Ellipta	GSK	GSK
2	Brentuximab Vedotin	ADCETRIS	Takeda	Takeda Pharma
3	Ocrelizumab	Ocrevus	Roche	
4	Pertuzumab	Perjeta	Roche	Roche Products India Pvt Ltd.
		Sigrima	Zydus	Zydus
		Womab	Dr Reddy's Lab	Dr Reddy's Laboratories
5	Pertuzumab + trastuzumab	Phesgo	Roche	Roche Products India Pvt Ltd.
6	Faricimab	Vabysmo	Roche	Roche Pharma India

SOURCE: BUDGET DOCUMENTS, INCRED RESEARCH, COMPANY REPORTS

Software services sector

Proposal: National geospatial mission to develop foundational geospatial infrastructure and data - PM Gati Shakti Mission to facilitate modernization of land records, urban planning, and design of infrastructure projects

Impact: Positive for mapping companies.

Oil and gas sector

Proposal: The recent budget slashed import duty on liquefied propane from **15% to 2.5%.**

Impact: Industrial customers shifting to propane could result in a 30-40% volume loss for city gas distribution or CGD players, significantly denting EBITDA. With 65-70% of its volume from industrial customers, Gujarat Gas faces a potential 15-20% volume loss, while Indraprastha Gas and Mahanagar Gas remain more insulated with just a 15-20% industrial exposure.

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Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.