Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	84,300	-1.5	16.7
Nifty-50	25,811	-1.4	18.8
Nifty-M 100	60,154	-0.4	30.3
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,762	0.4	20.8
Nasdaq	18,189	0.4	21.2
FTSE 100	8,237	-1.0	6.5
DAX	19,325	-0.8	15.4
Hang Seng	7,510	2.9	30.2
Nikkei 225	37,920	-4.8	13.3
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	72	0.0	-7.2
Gold ($/OZ)	2,640	-0.7	27.9
Cu (US$/MT)	9,829	-0.2	16.1
Almn (US$/MT)	2,612	-0.7	11.3
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	83.8	0.1	0.7
USD/EUR	1.1	0.2	1.3
USD/JPY	142.7	0.3	1.1
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.8	-0.01	-0.4
10 Yrs AAA Corp	7.3	0.00	-0.4
Flows (USD b)	**30-Sep**	**MTD**	**CYTD**
FIIs	-1.2	0.22	11.8
DIIs	0.79	6.55	40.8
Volumes (INRb)	**30-Sep**	**MTD***	**YTD***
Cash	1,256	1305	1302
F&O	3,34,190	3,93,695	3,80,469

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Jindal Steel & Power: Expansion strategy to propel growth in the long run

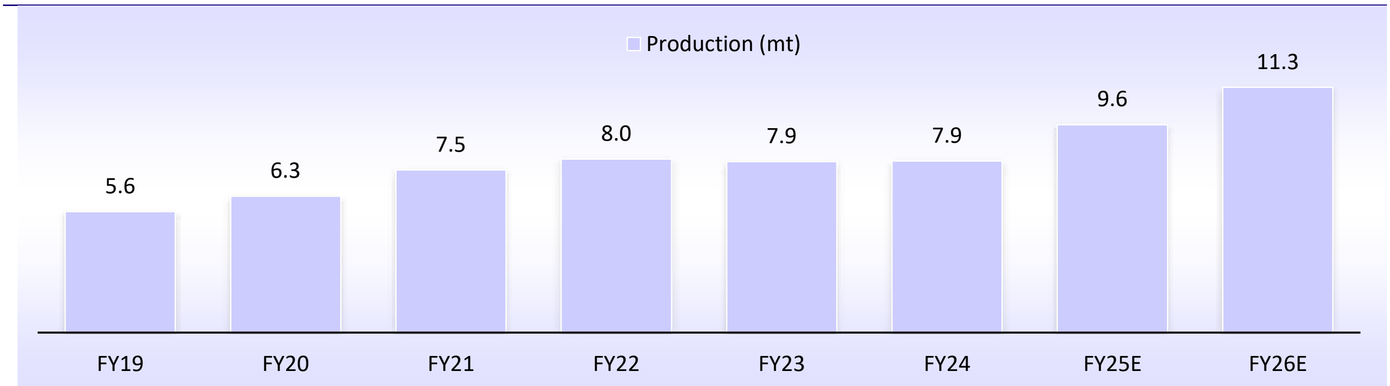
- JSP's ongoing capacity expansion at Angul (Odisha) will boost the crude steel capacity by 65% to 15.9mtpa and finished steel capacity by 83% to 13.75mtpa and is expected to complete by Q1FY27.
- JSP also undertaking cost-effective measures to expand the operating margin through: 1) the strengthening of raw material integration, 2) increase in the captive power plant share, 3) higher flat steel mix to ~55%, and 4) focus on VAP (current share ~67%).
- The company deleveraged its B/S from the net debt of INR391b in FY19 to ~INR104b as of 1QFY25, translating into 1x the net debt/EBITDA. The company targets to maintain it below 1.5x, considering the ongoing capex. The robust steel demand and increased capacity place JSP in a strong position. At CMP, the stock trades at 6.2x EV/EBITDA on FY26 estimate. We reiterate our BUY rating on JSP with a TP of INR1,200, based on 7x FY26E EV/EBITDA.

Research covered

Cos/Sector	Key Highlights
Jindal Steel & Power	Expansion strategy to propel growth in the long run
NBFC: Gold Finance	RBI flags deficiencies in gold lending; Gold loan lenders under scrutiny again
EcoScope	Growing significance of stock market in household financial assets
	Current account deficit widens to 1.1% of GDP in 1QFY25
	Total receipts contract sharply while spending grows

Chart of the Day: Jindal Steel & Power (Expansion strategy to propel growth in the long run)

Consistent growth in the annual steel production (mt); JSP on track to achieve ~11mt production by FY26E



Source: MOFSL, Company

Research Team (Gautam.Duggad@MotilalOswal.com)

1

RBI directs gold loan providers to review policies and practices

The Reserve Bank of India (RBI) on Monday directed banks and non-banking financial companies (NBFCs) offering gold loans to thoroughly review their policies, processes, and practices to identify any gaps.

2

SEBI approves new asset class for HNIs with riskier appetite

SEBI New Asset Class: Market regulator Sebi approved a new asset class for high-net-worth investors to invest in riskier regulated products. The minimum investment will be Rs 10 lakh.

3

Blue Dart Express to increase shipments price by 9-12% from Jan 2025

The company will implement general price increase from 1 Jan 2025, the pricing adjustments for 2025, includes inflationary adjustments and cost rationalisation, is designed to partly cover spiraling long-term costs, such as rising input costs to operations, including airline operating costs and infrastructure costs…

4

Tata Power to invest Rs 1.2 trillion in Rajasthan for power distribution, transmission and green transition

Signed a memorandum of understanding (MoU) with the Rajasthan government to develop power distribution, transmission, and green energy projects, marking a significant expansion of its renewable energy footprint in the state.

5

NTPC Green signs MoU with Rajasthan govt for 25-GW renewable energy projects

NTPC Green Energy Ltd signed a memorandum of understanding with the Rajasthan government for a 25-gigawatt renewable energy project. The memorandum of understanding was signed at the Rising Rajasthan Investor Meet in Delhi.

6

IPCA Arm To Offload Nine ANDAs To Unichem India For $2.65 Million

Bayshore Pharmaceuticals LLC., a subsidiary of IPCA Laboratories Ltd., is set to sell the rights, titles and interest in the product approvals and goodwill associated with nine of its abbreviated new drug applications to Unichem Laboratories Ltd. for a total sum of $2.65 million

7

Dr Lal PathLabs sets sights on big buys to expand in south

In south, we are open to looking at M&A opportunities, we did (acquisition of) Suburban (Diagnostics in the Western region). It was our first large sized M&A, so we took about two years to figure out the whole integration process, how do we want to run it, lot of management bandwidth went into stabilizing…

Jindal Steel & Power

BSE SENSEX	S&P CNX
84,300	25,811

Stock Info

Bloomberg	JSP IN
Equity Shares (m)	1020
M.Cap.(INRb)/(USDb)	1060.5 / 12.7
52-Week Range (INR)	1097 / 582
1, 6, 12 Rel. Per (%)	5/7/17
12M Avg Val (INR M)	1962
Free Float (%)	38.8

Financials Snapshot (INR b)

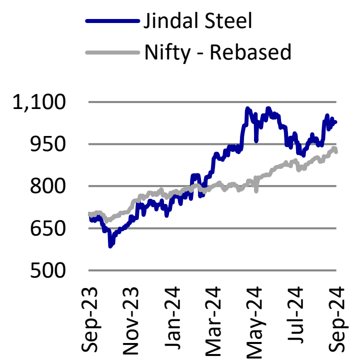
Y/E MARCH	2024	2025E	2026E
Sales	500	600	755
EBITDA	102	134	181
Adj. PAT	59	65	97
Cons. Adj. EPS (INR)	58	64	96
EPS Gr. (%)	60.4	8.9	50.4
BV/Sh. (INR)	442	499	585
Ratios			
Net D:E	0.2	0.2	0.1
RoE (%)	14.1	13.5	17.6
RoCE (%)	12.2	15.1	19.5
Payout (%)	3.4	10.0	10.0
Valuations			
P/E (x)	17.7	16.3	10.8
P/BV (x)	2.3	2.1	1.8
EV/EBITDA(x)	11.4	8.6	6.2
Div. Yield (%)	0.2	0.6	0.9
FCF Yield (%)	-2.4	2.8	5.9

Shareholding Pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	61.2	61.2	61.2
DII	15.3	14.7	14.8
FII	13.4	13.7	14.2
Others	10.0	10.4	9.9

FII includes depository receipts

Stock Performance (1-year)



CMP: INR1,040 TP: INR1,200 (+15%) BUY

Expansion strategy to propel growth in the long run

- **Jindal Steel & Power's (JSP) ongoing capacity expansion at Angul (Odisha) will boost the crude steel capacity by 65% to 15.9mtpa and finished steel capacity by 83% to 13.75mtpa. The expansion is expected to complete by Q1FY27 and position JSP as the fourth-largest steel producer in India.**
- **JSP is also undertaking cost-effective measures to expand the operating margin through: 1) the strengthening of raw material integration, 2) increase in the captive power plant share, 3) higher flat steel mix to ~55%, and 4) focus on VAP (current share ~67%). JSP has started production at the Gare Palma IV/6 coal mine (EC ~4mt; R&R ~160mt) and supplies coal to the Raigarh unit. Further, as the Utkal C, B1, and B2 come on stream, the RM integration and cost-effectiveness will increase, leading to margin accretion.**
- **The steel demand in India is expected to remain robust, driven by improvements in construction activity; a strong push on infrastructure projects; and a higher demand for automobiles, RE, and consumer goods. Given the robust demand coupled with incremental new capacities, we expect JSP to clock 9mt (+18% YoY) and 11mt (+25% YoY) volumes for FY25/26, respectively.**
- **Recently, the metal prices corrected significantly, with both long and flat prices experiencing a 5% and 10% decline QoQ in 2QFY25, respectively. Global steel prices also trended downward on account of the muted global demand and Chinese oversupply. Margins in the near term could be under pressure due to weak realizations. However, the prices have bottomed out and recent measures by China to boost its economy would positively impact the domestic steel prices going forward.**
- **The company deleveraged its B/S from the net debt of INR391b in FY19 to ~INR104b as of 1QFY25, translating into 1x the net debt/EBITDA. The company targets to maintain it below 1.5x, considering the ongoing capex. The robust steel demand and increased capacity place JSP in a strong position. At CMP, the stock trades at 6.2x EV/EBITDA and 1.8x P/B on FY26 estimate. We reiterate our BUY rating on JSP with a TP of INR1,200, based on 7x FY26E EV/EBITDA.**

Scaling up the capacity

- JSP has outlined a capex guidance of INR310b, which will raise its total liquid steel capacity to 15.9mtpa and finished steel capacity to 13.75mtpa. The capex will be allocated toward the Angul expansion (75%), ACPP-II (10%), coal mines (5%), and new projects such as Q&T, Rakes, and Micro Palletization (10%).
- As of FY24, JSP has spent ~INR150b out of the announced INR310b capex. It expects to incur the remaining ~INR150b capex in the next three years, excluding the maintenance capex. Post the expansion, the share of flat steel products is expected to increase to ~55% as compared to ~30-35% currently.
- JSP has commissioned 6mt Pellet Plant-I and 6mt Hot Strip Mill (HSM) at the Angul facility. All other expansions are progressing with slight delays and are expected to come on stream in phases by 1QFY27 vs. 3QFY26 earlier (majority to get commissioned during FY25-FY26).

Strong RM linkages and cost competitiveness

- JSP owns two iron ore mines at Kasia (7.5mt) and Tensa (3.11mt) in Odisha, which fulfill ~60% of its requirements. These mines are situated in proximity to the Barbil pellet facility, reducing dependency on third-party merchant miners.
- Further, JSP plans to increase the pellet capacity to 21mt (current 15mt), along with the installation of a ~200kms slurry pipeline of 18mt from Barbil to Angul as part of its ongoing capex, leading to margin accretion and cost synergies.
- JSP acquired thermal coal blocks at Utkal C (PRC 3.37mt), Utkal B1 & B2 (PRC 8mt), and Gare Palma IV/6 (4mt) with a cumulative R&R of over 700mt.
- In Oct'23, JSP started production at the Gare Palma IV/6 mine and currently operates at ~1mt; the management targets to operate at 3.5mt run rate in the near term.
- From the Utkal C coal block, JSP produces ~0.9mt and plans to gradually ramp up the production. The Utkal B1 and B2 mines are in an advanced stage of clearance and are expected to begin operations in FY25.
- JSP has also acquired coking coal, thermal/coking coal, and anthracite coal assets in Australia, Mozambique, and South Africa with EC of 1.2mt, 5mt, and 1.2mt, respectively.
- In FY23, JSP acquired 2 x 525mw power plant assets at INR4.1b (Monnet Power Company Ltd) at Angul. The 1050mw plant was under construction at the time of acquisition and is a part of the ongoing capex, likely to be commissioned by 3QFY25. Once fully commissioned, the power plant will supply power/energy to the Angul facility. The plant's proximity to Utkal C, B1, and B2 mines and JSP's Angul facility provide an added advantage to JSP.

Valuations

- JSP has followed a prudent deleveraging policy, which has helped the company strengthen its balance sheet. The company deleveraged B/S from INR391b of net debt in FY19 to ~INR104b as of 1QFY25, translating into 1x net debt/EBITDA. The company targets to maintain it below 1.5x, considering the ongoing capex.
- At CMP, the stock trades at 6.2x EV/EBITDA and 1.8x P/B on FY26 estimate. We reiterate our BUY rating on JSP with a TP of INR1,200, based on 7x FY26E EV/EBITDA.

NBFC: Gold Finance

RBI flags deficiencies in gold lending; Gold loan lenders under scrutiny again

Lenders given three months to make amends and avoid supervisory action

The RBI has identified irregular practices in the grant of gold loans. Lenders have been granted three months to make amends and report the same to the RBI to avoid any further supervisory action.

- The RBI recently assessed the compliance of supervised entities (SEs) with prudential guidelines for loans against gold ornaments and jewelry. The review and onsite examinations revealed several irregularities, including improper use of third parties for loan sourcing, gold valuation without the customer's presence, inadequate due diligence, lack of transparency in auctions following defaults, weak monitoring of loan-to-value (LTV) ratios, and incorrect application of risk weights.
- The RBI advised SEs to review their gold loan policies, processes, and practices to identify and address any gaps promptly. The gold loan portfolio should be closely monitored, especially given its significant growth in some SEs, and proper controls must be in place for outsourced activities and third-party providers.
- While IIFL Finance was the first among gold lenders to face supervisory action, it might not be the last. In this circular, the RBI has put out a laundry list of deficiencies in the processes of **select gold lenders** which they are expected to address within three months. Actions taken in response to the aforementioned directive should be promptly communicated to the RBI within a three-month timeframe. Failure to comply with these regulatory guidelines will be considered a serious breach and may result in supervisory action by the RBI.
- Further, RBI also asked the Gold lending institutions to closely monitor their gold loan portfolio, particularly in light of the significant growth in the gold loan portfolio of select gold lenders. RBI has also asked the lenders to ensure adequate controls are put in place over outsourced activities and third-party service providers.
- **This is a sentimental negative for the gold lenders.** For better clarity, we look forward to engaging with the gold lenders to understand the observations made by RBI with regards to their gold lending processes and corrective actions which may be required at their end.

The illustrative list of deficiencies during the review of gold loans in select supervised entities (SEs):

- In loans issued through partnerships with fintech entities and business correspondents (BCs), concerning practices included gold valuation without customer presence, credit appraisal by the BC, gold storage by the BC, insecure transportation of gold, KYC compliance by fintechs, and the use of internal accounts for loan disbursement and repayment.

- A lack of an effective periodic loan-to-value (LTV) monitoring system resulted in breaches of regulatory LTV ceilings in some SEs, with system-generated alerts often not actively addressed.
- Application of risk weights was at variance with the prudential regulations.
- The use of funds for non-agriculture loans was typically not verified, and there was insufficient documentation for agriculture gold loans.
- There was no specific identifier for top-up gold loans in the core banking system, which often facilitated the evergreening of loans. Additionally, fresh appraisals were not conducted when these top-up loans were sanctioned.
- Numerous loan accounts were closed shortly after being sanctioned, often within a few days, raising concerns about the economic rationale behind these actions.
- The average proceeds from gold auctions after customer defaults were lower in some SEs than the estimated gold value, indicating gaps in the valuation process.
- In some entities, the proportion of gold loans disbursed in cash was high, with many cases not adhering to the cash disbursal limits set by the Income Tax Act, 1961.
- Weak governance and poor transaction monitoring were highlighted by the unusually high number of gold loans issued to the same individual under the same PAN in a single financial year.
- Practice of rolling over loans at the end of tenor with only part payment.
- Gold loans were not classified as NPAs, enabling evergreening through loan renewals or new issuances. There was also insufficient oversight from senior management teams and weak controls over third-party entities.

Growing significance of stock market in household financial assets

Indian households not conservative

- **It is widely believed that the household sector in India is highly conservative regarding its exposure in the capital market. This belief, however, does not hold water. The RBI recently released its first-ever quarterly estimates of the household financial balance sheet from 1QFY12 to 4QFY23. We replicated the RBI's methodology and achieved 96-97% accuracy in our result. We, therefore, extended these estimates to 1QFY25 based on some assumptions. One of the key developments has been the rising prominence of the equity market in household gross financial assets (HHGFA) during the past few years, particularly since the onset of the pandemic. We discuss these trends and more in this report.**
- **Our estimates indicate that the household sector, which includes individuals and non-profit institutions serving households (NPISHs), directly owned 21.5% of India's listed equity market in 1QFY25 *(Exhibit 1)*. This ownership has remained within a very narrow range of 21-22% since the beginning of CY21, following a more stable period between 18% and 20% prior to that, and between 16% and 17% during CY11 to mid-CY16.**
- **Notwithstanding the stable share of the household sector in listed equities, which has experienced occasional step-ups, the impressive surge in equity market capitalization over the past year has propelled the market value of HHGFA. India's equity market capitalization jumped more than 50% YoY to INR441t as of 1QFY25 (i.e., quarter-ending Jun'24), while the holdings of the household sector surged to INR95t in 1QFY25 *(Exhibits 2 and 3)* from INR60t (or 20.6%) in 1QFY24.**
- **Is this participation level of the retail sector in the listed equity market low? Barring the US, the household sector owns between 11% and 18% of the listed equity market in other major economies, which is lower than 21-22% share in India *(Exhibit 4)*. The share, notably, is much higher at ~40% in the US though. Further, the share of the household sector in the listed equity market has increased in the post-pandemic period in India, Germany (DE), and the US, while it has declined only in Canada (CA), with a largely stable share in other economies.**
- **Direct exposure to listed equities, however, constitutes only a portion of the total exposure of the household sector. Mutual funds (MFs, or investment funds) also play a very important role, and thus, we combined both direct and indirect exposure (through MFs) to determine the total exposure of the household sector to the securities market.**
- **The total size (or the asset under management, AUM) of India's mutual fund industry reached INR61.2t as of Jun'24, up 38% from a year ago. The household sector (including high net worth individuals and retail) owned about 63% of the MFs AUM, up from 55% in Dec'19 and 50% in 2014-15 *(Exhibits 5 and 6)*. Within this, equity instruments accounted for about 70%, while non-equity constituted the remaining 30% (almost the same as in Dec'19 but much lower than ~50% a decade ago).**
- **If we combine the direct and indirect exposure of the household sector, referred to as equity & investment funds (E&IFs), it amounted to INR134t (USD1.6t) or 44% of GDP in 1QFY25 *(Exhibit 7)*. This figure is again comparable to the 30-55% range observed in most advanced economies covered in our study. However, it is less than half of >100% of GDP in CA and ~161% of GDP in the US *(Exhibit 8)*.**
- **Further, the share of E&IFs increased to 28% of GFAs of households in India in 1QFY25, compared to 17% at the end of CY19 *(Exhibit 9)*. Although this figure is lower than 43% in the US and 33% in CA, it is notably higher than the share of E&IFs in household GFAs* in other advanced economies such as the UK, DE, France, Japan and Australia *(Exhibit 10)*.**
- **Overall, there is no doubt that the role of the equity market in household financial balance sheet and financial net worth has increased significantly in the post-pandemic period, particularly over the past 4-5 quarters. This trend may contribute to the growing wealth effect within the household sector. However, the declining level of household savings (flow, annual data) and the usual concentration of financial wealth among a specific group (i.e., the top of the pyramid) suggest that further research and more granular data are necessary. Further, one must think twice before calling the Indian household sector conservative in terms of its exposure to the equity markets.**

*Our analysis is restricted to the listed equity market, and thus, the unlisted equity exposure is excluded from all nations to make it comparable. Unlisted equity can form a substantial portion of HHGFAs; however, there is data available for the Indian economy.

Current account deficit widens to 1.1% of GDP in 1QFY25

Led by the higher merchandise trade deficit

- **India's Current Account Deficit (CAD) widened marginally to USD9.7b (or 1.1% of GDP) in 1QFY25 vs. USD8.9b (1% of GDP) in 1QFY24 and against a surplus of USD4.6b (0.5% of GDP) in 4QFY24. The number was slightly higher than the market consensus of USD9.4b and our expectation of USD9.5b *(Exhibit 1)*.**
- **The widening of CAD on a year-to-year basis can be attributed to a rise in merchandise trade deficit to USD65.1b (7% of GDP) in 1QFY25 from USD56.7b (6.6% of GDP) in 1QFY24. On the other hand, net service receipts increased to USD39.7b (4.3% of GDP) in 1QFY25 from USD35.1b (4.1% of GDP) in 1QFY24. Additionally, the surplus on income account stood at USD15.7b (1.7% of GDP) in 1QFY25 vs. USD12.6b (1.5% of GDP) in 1QFY24. *(Exhibit 2)*.**
- **The higher services account surplus is attributed to robust service exports (9.8% YoY, highest in five months), on account of the rising exports of computer services, business services, and travel and transportation services. Additionally, private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to USD29.5b, up 8.9% YoY. Net outgo on the primary income account, mainly reflecting payments of investment income, increased to USD10.7b in 1QFY25 from USD10.2b in 1QFY24. Overall, the invisible surplus increased to USD55.4b (6% of GDP) in 1QFY25 from USD47.8b in 1QFY24 (5.6% of GDP).**
- **Merchandise imports stood at USD176.3b in 1QFY25, higher than USD161.6b in 1QFY24. While imports of petroleum products increased to USD51.5b in 1QFY25 from USD41.9b in 1QFY24, imports of valuables decreased to USD15.4b in 1QFY25 from USD16.1b in 1QFY24. Merchandise exports increased 5.9% YoY in 1QFY25 (USD111.2b) vs. a decline of 14.5% in 1QFY24 (USD104.9b).**
- **Notably, India's Current Account Balance (CAB), excluding petroleum products and valuables, posted a surplus of USD32.3b (or 3.5% of GDP) in 1QFY25 vs. a surplus of USD23.6b in 1QFY24 (or 2.7% of GDP) *(Exhibit 3)*. Excluding gold, India's Current Account Surplus (CAS) was -0.02% of GDP in 1QFY25, down from a surplus of 1.5% of GDP in 4QFY24 and a deficit of 0.1% of GDP in 1QFY24. CAS, excluding petroleum products, surged to USD22.8b (or 2.5% of GDP) in 1QFY25 vs. USD13.9b (1.6% of GDP) in 1QFY24.**
- **Capital account inflows declined sharply to USD14.4b (1.6% of GDP) in 1QFY25 from USD33.4b (3.9% of GDP) in 1QFY24 on account of lower inflows under foreign portfolio investment. Net inflows under foreign portfolio investment moderated sharply to USD0.9b in 1QFY25 vs. USD15.7b in 1QFY24. On the other hand, foreign direct investments recorded a net inflow of USD6.3b compared to a net inflow of USD4.7b in 1QFY24. Additionally, non-resident deposits recorded a higher net inflow of USD4b than USD2.2b a year ago. Accordingly, FXR accretions came down to USD5.2b in 1QFY25 from USD24.8b in 1QFY24 *(Exhibit 4)*.**
- **Based on India's investments and CAD, the implied Gross Domestic Savings (GDS) stood at 31.8% of GDP in 1QFY25 from 32% of GDP in 1QFY24 *(Exhibit 5)*.**
- **We have lowered our CAD forecasts to 0.8%/0.6% of GDP (USD32.4b/USD26.0b) in FY25/FY26, compared to 1.2%/1.3% estimated earlier. This is due to a downgrade in GDP growth, an expected moderation in gold imports, and continued strength in services in FY25/FY26. In the absence of any global shock, India's foreign exchange reserves will likely continue to rise to mitigate the appreciation bias in the Indian Rupee (INR). *(Exhibits 6 and 7)*.**

Total receipts contract sharply while spending grows

Fiscal deficit at 27% of FY25BE in Apr-Aug'24

- **Total spending by the central government increased at a six-month highest rate of 23.5% in Aug'24 vs. a growth of 5.1% in Jul'24. Growth in core spending (total spending excluding interest payments and subsidies) increased at a faster pace of 47.3% in Aug'24 after three consecutive months of contraction (vs. -16.7% in Jul'24). The expansion in spending was mainly led by an uptick of 33.3% YoY (highest in four months) in revenue spending. On the other hand, capital spending contracted 30% in Aug'24 vs. a growth of 107.8% in Jul'24 *(Exhibits 1 and 2).***
- **Accordingly, the government's total spending in Apr-Aug'24 stood at INR16.5t, down 1.2% YoY and accounting for 34.3% of FY25BE, the lowest in at least a decade (vs. INR16.7t in Apr-Aug'23; 37% of FY24BE). Capital spending in Apr-Aug'24 stood at INR3t, representing 27% of FY25BE (vs. 37% of FY24BE or INR3.7t achieved in Apr-Aug'23).**
- **Meanwhile, total receipts contracted sharply 23.7% YoY in Aug'24 (vs. a growth of 7.6% in Jul'24), the lowest growth in six months. *(Exhibit 3).* While the net tax revenue contracted 28.3% in Aug'24, non-tax receipts increased 6.1%. The contraction in net tax revenue was mainly led by a decline in direct tax collections. Income tax collections contracted 44.3% YoY in Aug'24, the highest rate of contraction in 51 months. At the same time, corporate tax collections contracted 36% (the second consecutive contraction) in Aug'24. Indirect tax collections grew 16.8% in Aug'24, the highest in four months (vs. a growth of 14.5% in Jul'24).**
- **Therefore, for Apr-Aug'24, the total receipts of the government rose 18.3% YoY. Corporate tax collection was 6.2% lower than that of last year and income tax revenue grew 25.5% YoY. Total receipts stood at INR12.2t, representing 39% of FY25BE (vs. INR10.3t or 38.5% of FY24BE during Apr-Aug'23).**
- **Consequently, in Apr-Aug'24, the government's fiscal deficit stood at INR4.3t, accounting for 27% of FY25BE vs. 36% of its FY24BE (or INR6.4t) in Apr-Aug'23 *(Exhibit 4).***

Exhibit 1: Total spending grew sharply in Aug'24…

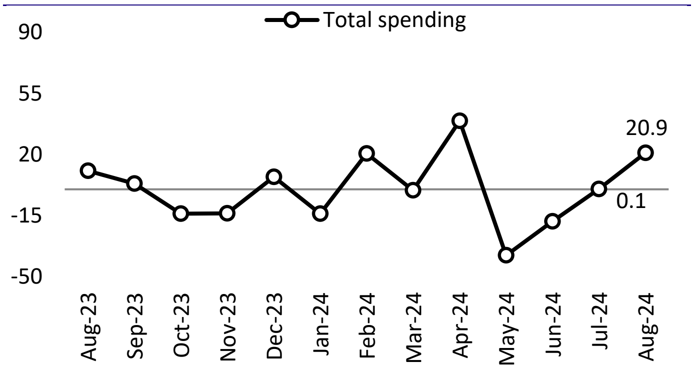
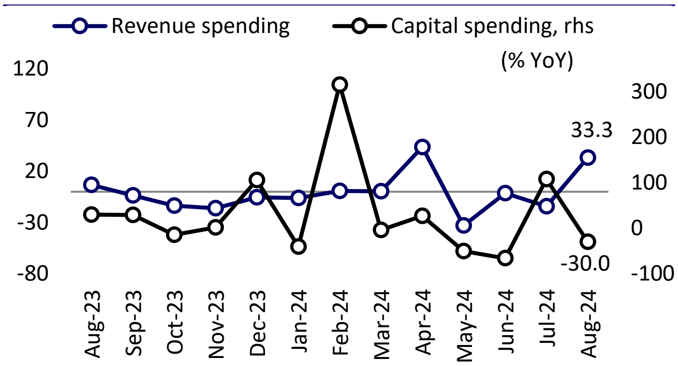


Exhibit 2: …mainly led by a rise in revenue spending



Source: Controller General of Accounts (CGA), MOFSL

Exhibit 3: Total receipts contracted sharply in Aug'24

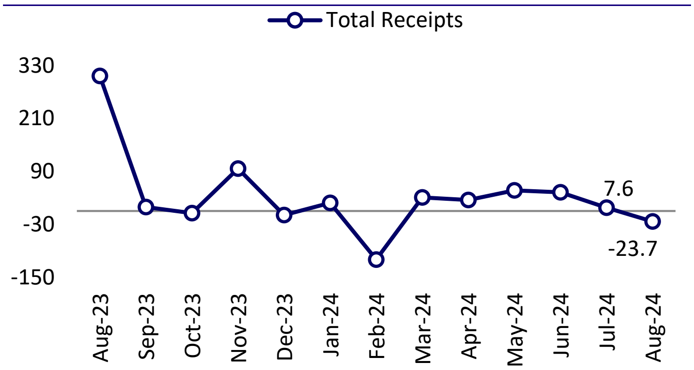
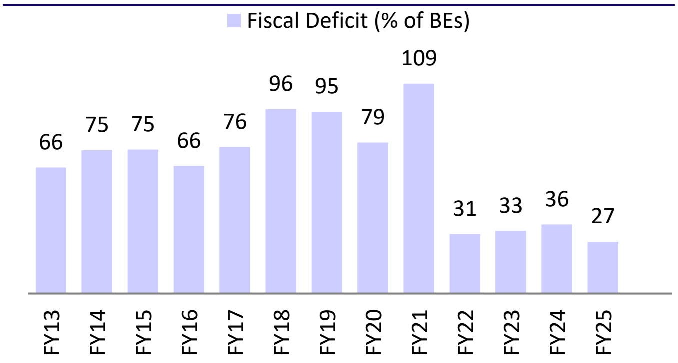


Exhibit 4: Fiscal deficit stood at 27% of BEs in Apr-Aug'24 vs. 36% in Apr-Aug'23



Apr-Sep for all years; Source: CGA, MOFSL

AstraZeneca: AstraZeneca completes 45 years in India; we brought in 50 new innovative medicines; Sanjeev Panchal, Country President & MD

- Focus is to bring innovative medicines and increase access to medicines.
- Could continue to see a strong growth for the company.
- Bengaluru site sale is because it is a part of the global strategic review.
- Mankind partnership for asthma is to reach more patients.

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Man Infraconstruction: O2 project has a sales potential of ₹3,000-3,500 cr; Manan Shah, MD

- Atmosphere O2 Tower G expected to be completed by FY26.
- Sales potential of Rs 3,000-3,500 cr for O2 projects.
- Profitability at Rs 300-350 cr for overall project with share at Rs 100-150cr.
- Looking at launches of Rs 4500cr during the year.

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PB Fintech: Will be a minority investor in the co via which healthcare foray will happen; Yashish Dahiya, CEO

- Will take 20-30% stake in the new healthcare company.
- One time investment of $100m.
- Don’t intend to make a recurring investment in the healthcare co.
- Healthcare co will look to generate its own resources to grow.

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Kaynes Technology: Will start commercial semiconductor production by FY26; Jairam Sampath, Director & CFO

- Govt approval for Kaynes Semicon is a major boost, with a capex of ₹3,300 Cr.
- Commercial production is expected to start by FY26.
- Return on assets could be 1-1.5x, comparable to global players.
- Iskraemeco acquisition is margin accretive for Kaynes Tech business.

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Aadhar Housing Finance: PMAY 2.0 is a better version of PMAY & is well thought out; Rishi Anand, MD & CEO

- PMAY provided subsidies of ₹1,800 Cr to 82,000 customers.
- PMAY 2.0 is an improved version and is expected to gain momentum from mid-October.
- Maintaining spreads above 5% with a growth rate target of 10-12%.
- Home loans to non-home loans ratio will be maintained at 75:25.

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