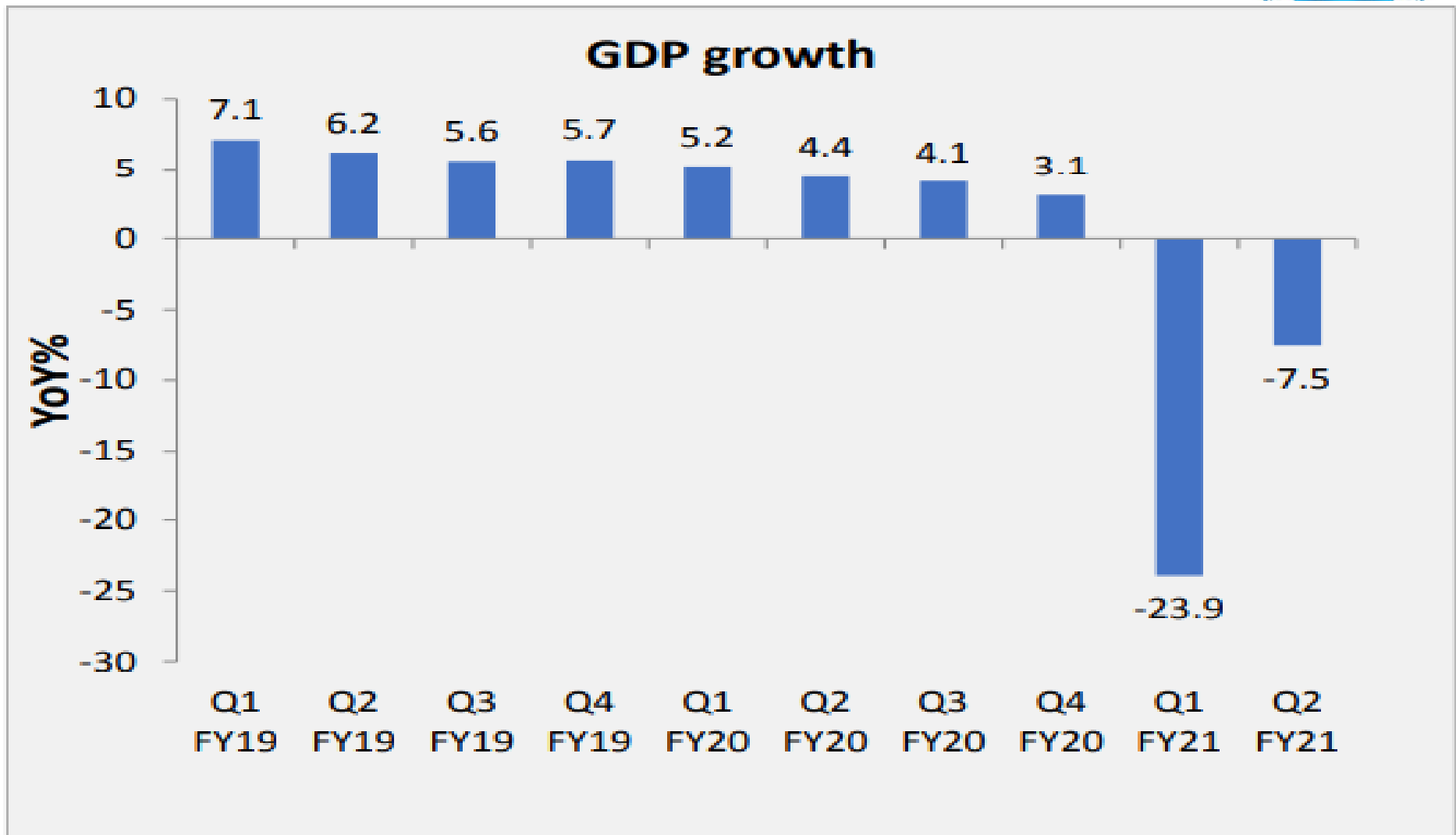




Union Budget Highlights

India GDP Growth



- Covid Disrupted Global Economy in 2020

Keynesian Economics



- John Maynard Keynes father of “Keynesian Economics” an English economist
- Private Sector unlikely to take risk by investing during uncertain times
- Keynesian economics advocates active Govt. spending during time of recession or depression

Union Budget Highlights



- Finance Minister opts “Keynesianism” to revive economy
- Govt. to spend heavily
- Credible Budget
- No material changes in direct tax

Union Budget Highlights



- To privatise two PSU banks and one General Insurance company
- Asset reconstruction company will be set up to take over stressed assets of banks
- Govt. took bold steps for reviving economy. Possibility of higher inflation is open

Govt. Takes Bold Step



- Govt. feels higher fiscal deficit due to higher capital spending will be non inflationary
- Once Govt. spends money on capital account, multiplier effect will starts in economy and will create demand
- Once demand is visible , private sector will start investments
- Since global liquidity is abundant , interest rates unlikely to go up significantly in spite of higher borrowing

Why is Market Jubilant on Budget ?



- No new tax
- High capital account spending

	FY20 (Actual)	FY 21 (RE)	FY22(BE)
Spending	3.3 Lakh Cr.	4.4 Lakh Cr.	5.5 Lakh Cr.
% on Total Spending	12.4	12.7	15.9

- Bold announcement like privatisation of two PSU Banks
- Glide path on fiscal deficit indicates fiscal deficit to reduce gradually

Budget Details



	FY20(Actual)	FY21 (RE)	FY22 (BE)
Revenue Receipts	16.8	15.5	17.8
Capital Receipts	0.7	0.5	1.9
Total expenditure	26.8	34.5	34.8
Fiscal Deficit	9.3	18.4	15.0

Figures in Lakh Crore

Fiscal Deficit - Never Ending Burden....



Year	Fiscal Deficit Lakh Cr.	% GDP
FY22(BE)	15.0	6.8
FY21(RE)	18.4	9.5
FY20	7.6	3.8
FY19	6.3	3.4
FY18	5.9	3.5
FY17	5.3	3.5
FY16	5.3	3.9
FY15	5.1	4.1
FY14	5.0	4.5


Fiscal deficit for FY26 to be at 4.5%

Near Record Borrowings

Government set to sell 10.6 trillion rupees of bonds in FY22



Finance Ministry, Bloomberg,

Bloomberg 

Impact of High Fiscal Deficit – More Interest Expenses



	FY20(Actual)	FY21 (RE)	FY22 (BE)
Revenue Receipts Lakh Cr.	16.8	15.5	17.8
Interest Expenses Lakh Cr.	6.1	6.9	8.0
Interest expense as % of Revenue Receipts	36.3	44.5	44.9

Budget Impact on Economy



- Govt. spending to revive economy
- Companies in cyclical industries to see demand revival
- Inflation will be key to watch

10 Yr Indian Govt. Bond





Current Market Scenario

Nifty at Channel resistance 15000 range



Markets At Record Levels



- Historic post budget rally
- Supportive corporate results
- Stable global markets

INDEX WATCH

INDEX	13, Feb	9, Jan	% Change
Nifty	15,163	14,347	5.6
Sensex	51,544	48,782	5.6
Nifty Midcap	22,914	22,194	3.2
BSE Small Cap	19,622	18,908	3.7

Q3 Results



- Overall Q3 results were good
- Higher profitability due to cost cutting, inventory gains and higher end product prices
- Healthy cash flows
- Balance sheets getting more stronger

Q3 Result Performance



	% Change (YoY)	
	Dec 2020	Dec 2019
Sales	2.8	0.1
Net Profit	68.0	35.0

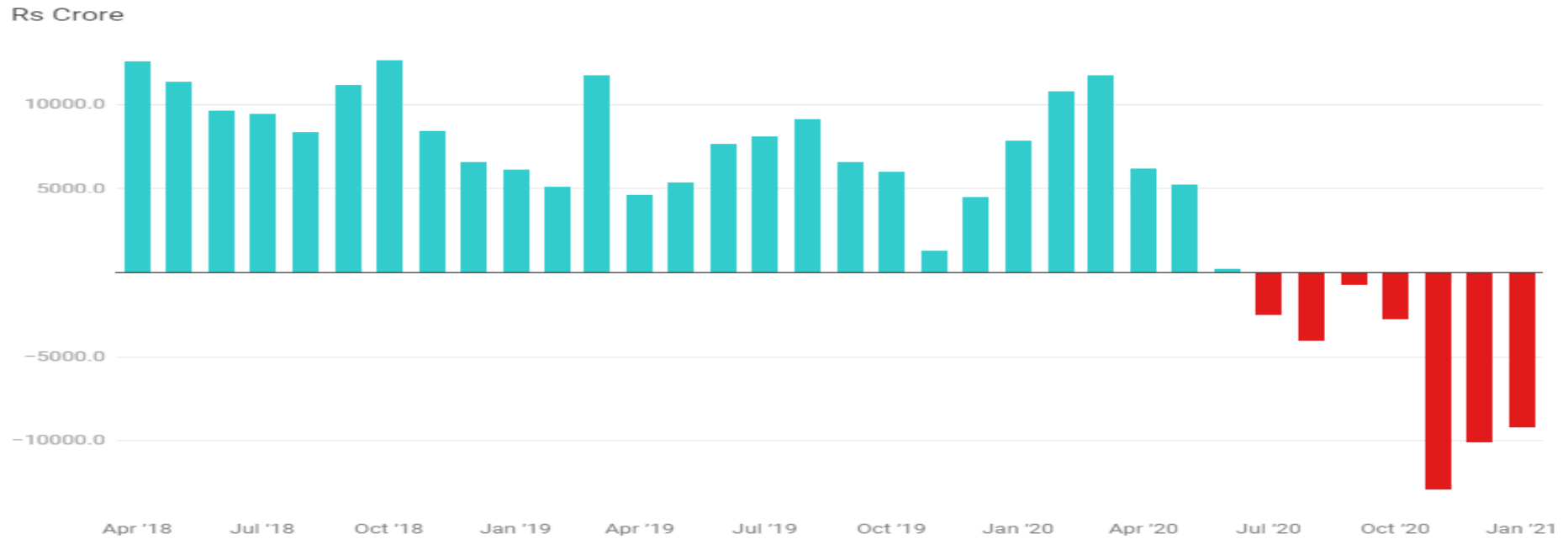
Results of 1,551 companies

Retail Investors Cautious



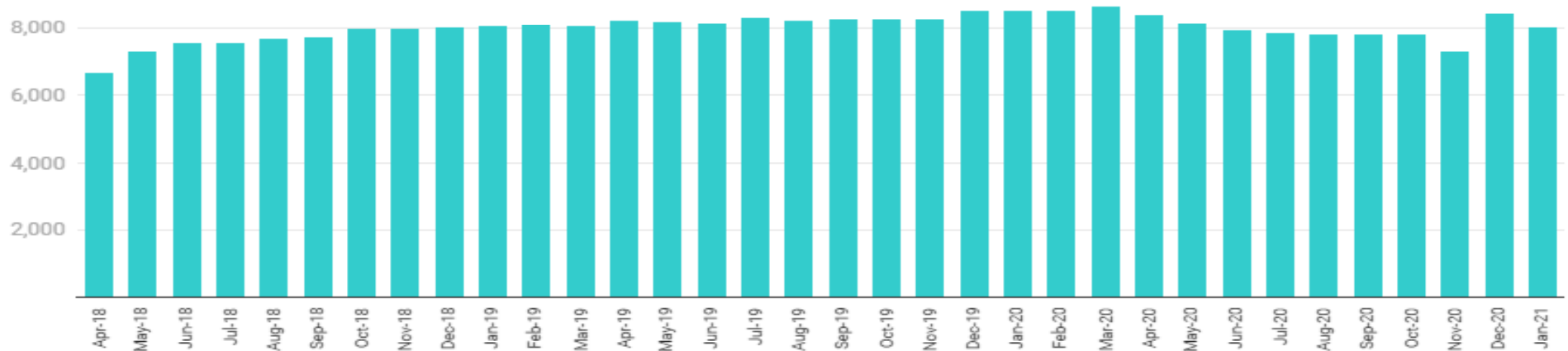
- Historically retail investors interest will see heightened activity on market rise
- Surprisingly majority of retail investors are cautious now

Equity Mutual Fund Flows



SIP Contribution

Net investments (Rs crore)

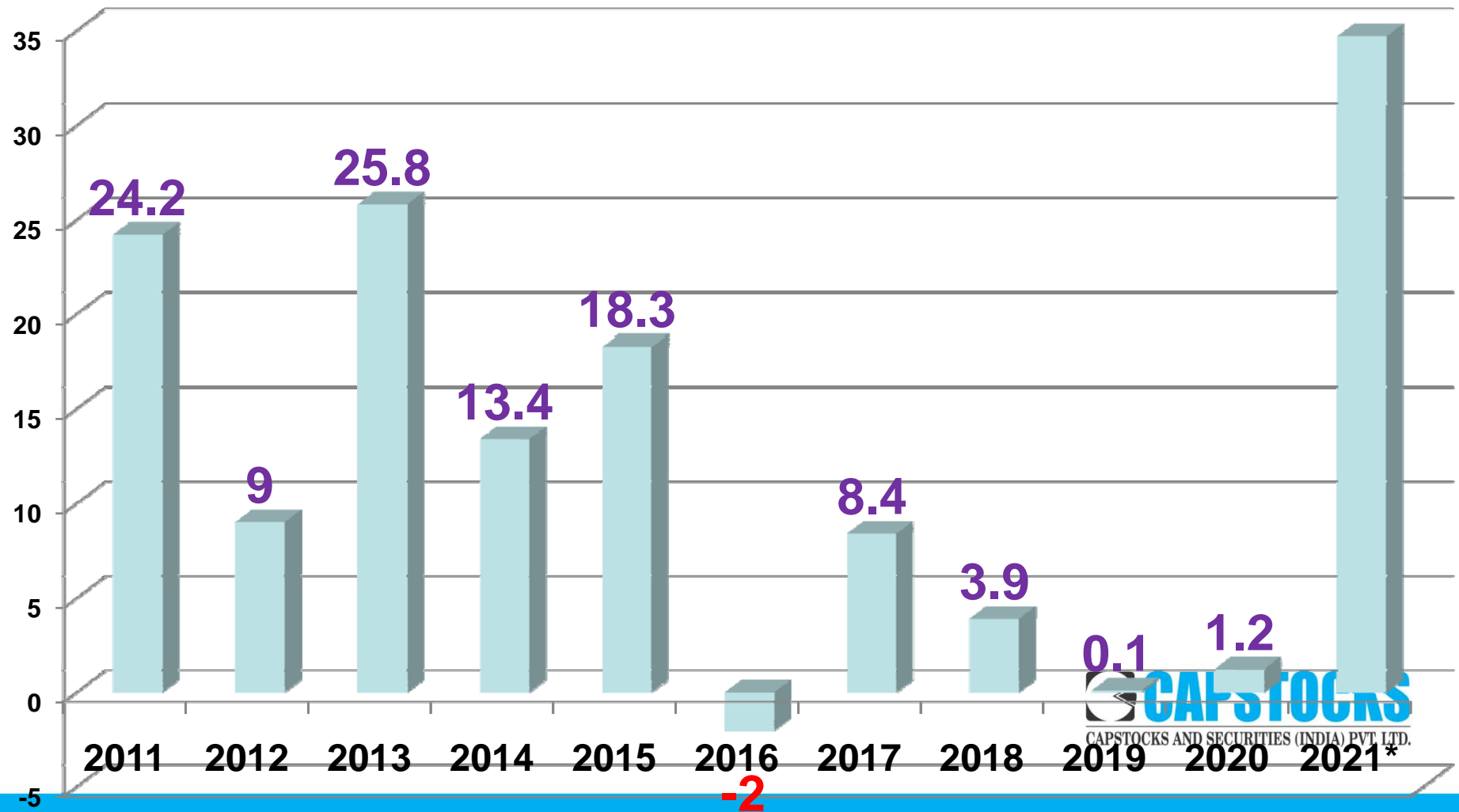


FII Flows



FPI Flows in US Bn \$

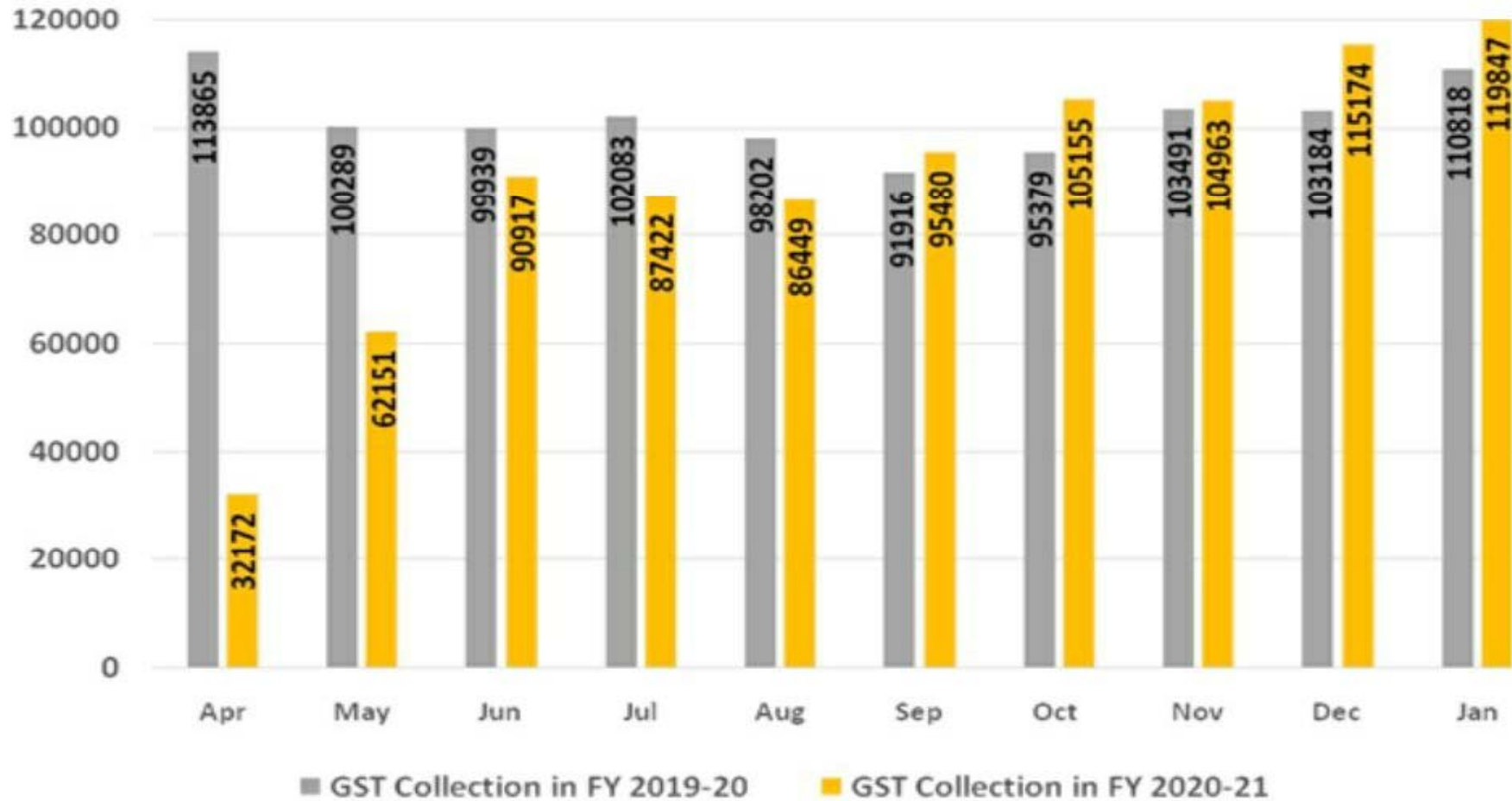
34.7*



Robust GST Collections



Trends in GST Collection in Rs. crore



Container Shortage



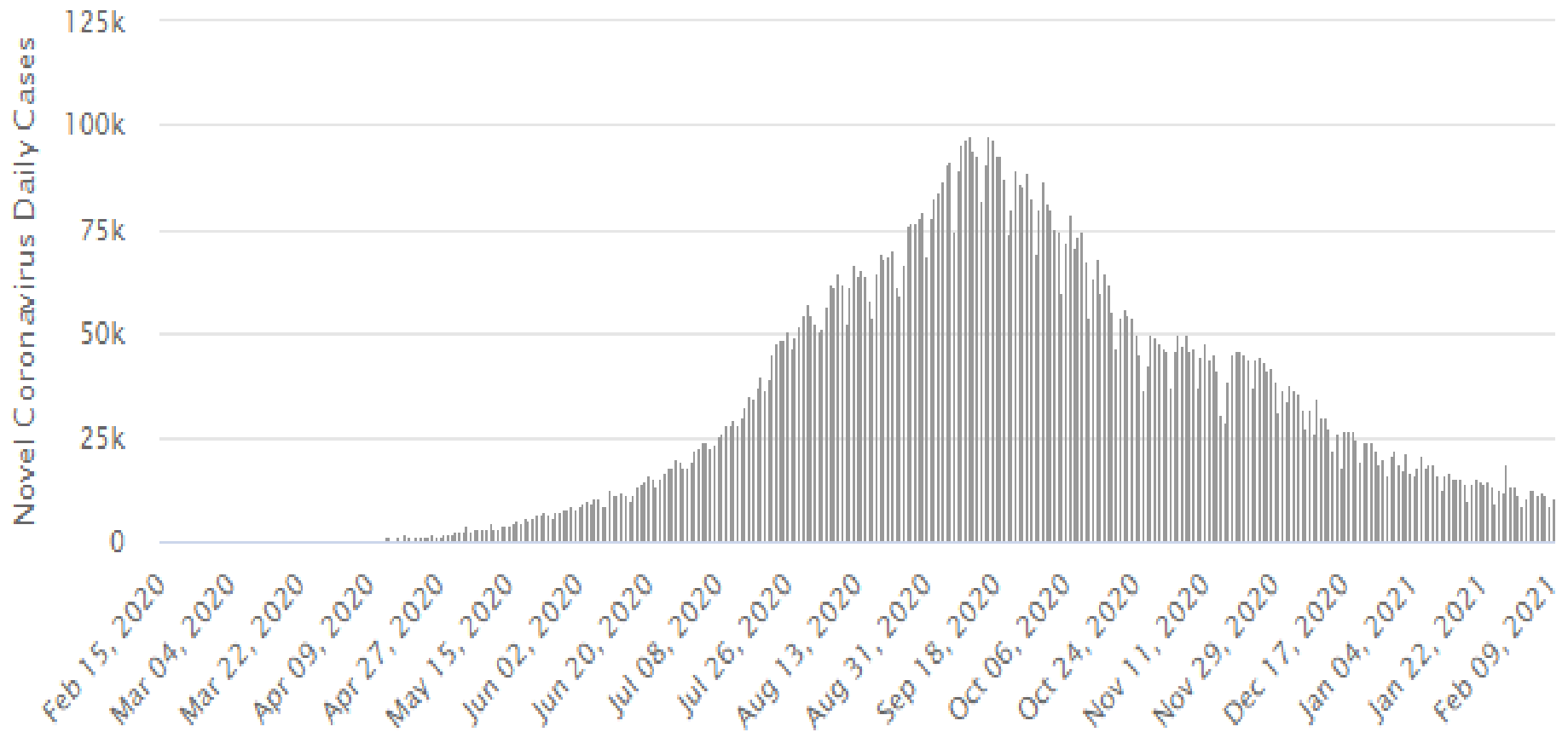
- Exporters were facing problem of non availability of shipping containers leading to delayed dispatch and higher cost
- Due to reduction in imports from China , incoming containers has reduced
- Indian exports were doing better than imports leading to shortage
- Exports consignments has to wait for weeks to get containers

India Covid Daily Cases



Daily New Cases

Cases per Day
Data as of 0:00 GMT+0

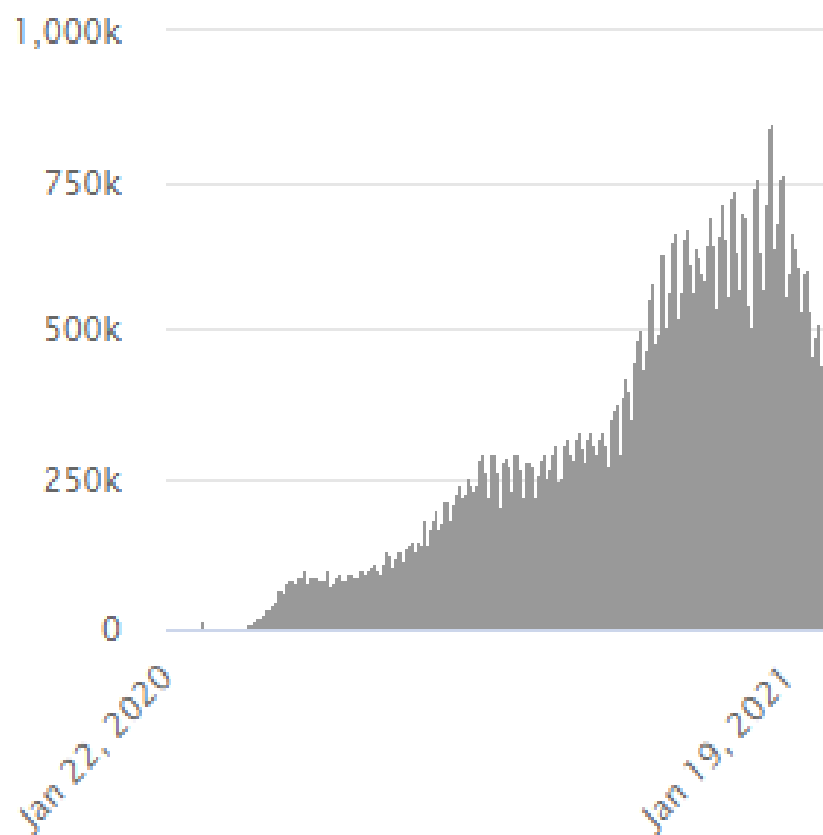


Global Covid Cases



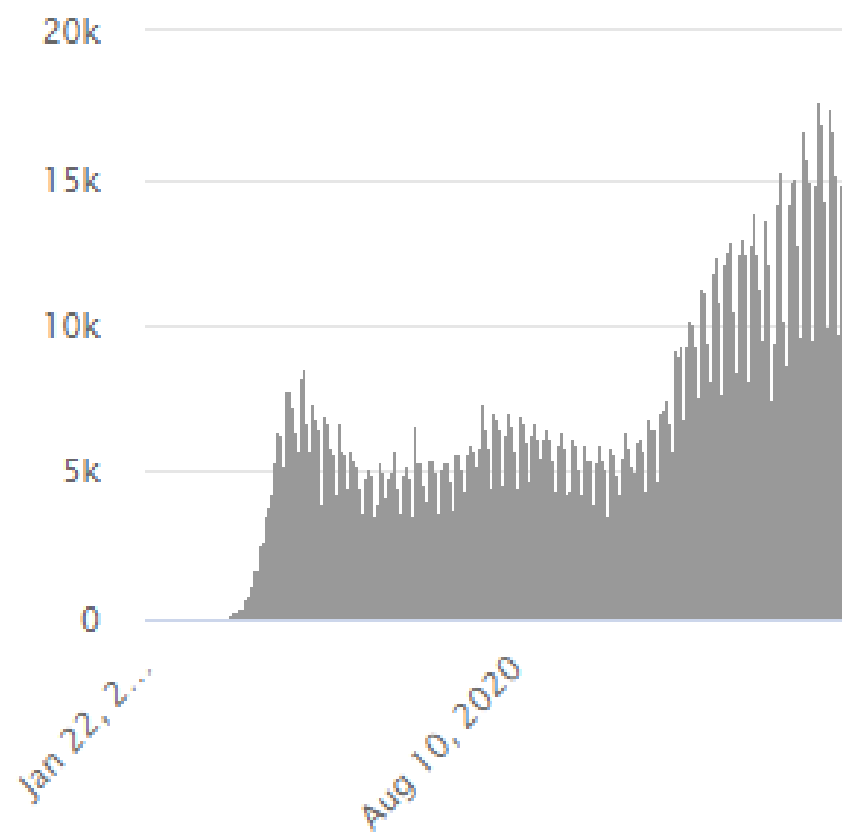
Daily New Cases

Cases per Day
Data as of 0:00 GMT+0



Daily Deaths

Deaths per Day
Data as of 0:00 GMT+0

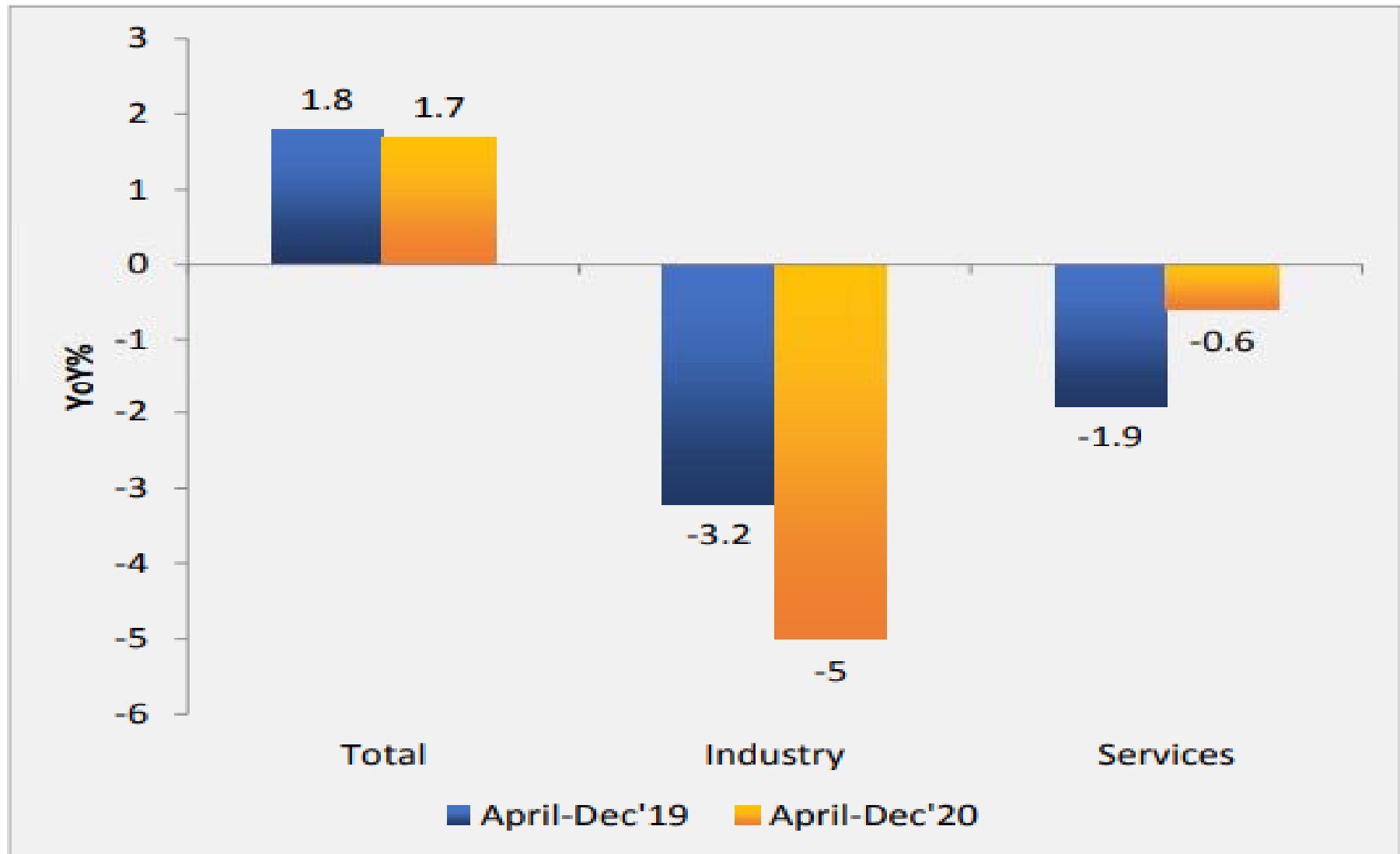


Keep An Eye on Inflation



- Market will see jitters when there is signs of inflation emerging
- Inflation will remain a threat for global and domestic market

Tepid Domestic Credit Growth



Our Take On Market



- Select pockets of excess valuations
- Value stocks are still trading at reasonable valuations
- Govt. spending will revive economy
- Forecast indicates initial phase of south west monsoon to be good
- Possibility of re emergence of value stocks

Events To Watch



- Macro Data
- Global Markets



Thank You