

Nifty Only

5 booster points for the economy

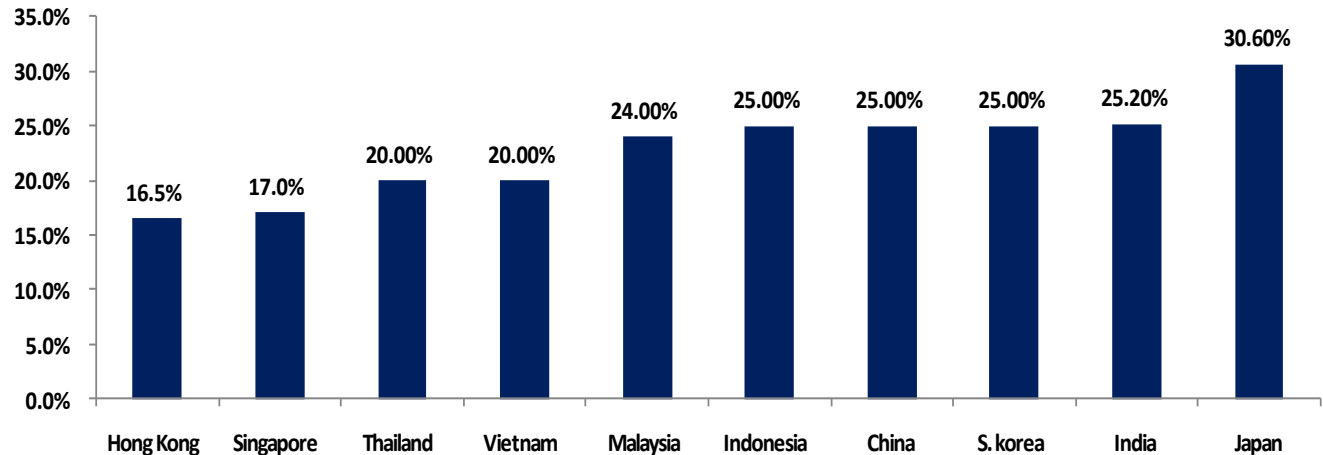
1)	Tax benefit	Curren tax rate (in %)	Revised tax rate(in %)
	For companies having turnover upto 400 crores	29.12	25.17
	For new manufacturing companies	29.12	17.01**
	For companies having turnover above 400 crores	34.94	25.17

Note:-1) Tax rate includes education cess and surcharge @ 10% for companies having income above Rs 10 crores

2) 17.01% for companies formed on or after 1st October, 2019 and production starting before 31st March, 2023.

India is on par with Asian peers after cut in tax rates

Countries	Tax rate
Hong Kong	16.5%
Singapore	17.0%
Thailand	20.00%
Vietnam	20.00%
Malaysia	24.00%
Indonesia	25.00%
China	25.00%
S. korea	25.00%
India	25.20%
Japan	30.60%



How the tax rate cut will impact earnings of top listed companies

<i>Types of companies</i>	<i>Effective tax rate (%)</i>	<i>Tax savings (in Rs crore)</i>	<i>Boost earnings (%)</i>
All listed companies	35.2	44828	13.2
Nifty50 companies	33.6	25994.9	12.6

The tax cut is expected to boost Nifty50 index companies combined net profit or earnings per share by around 12.6%. This brings nifty50 TTM PE ratio from 27.72 to 24.23. *(source Nse India)*

Approximately Key gainers that would be benefitted from tax savings are HDFC Bank – Rs 4300 crore nearly 20%, ICICI Bank – Rs 2944 crore, ITC – Rs 1372 crore, ONGC – Rs 2089 crore, Coal India – Rs 1740 crore, Larsen & Toubro – Rs 1023 crore, Kotak Mahindra Bank – Rs 805 crore and Bajaj finance – Rs 531 crore. *(As per reported earnings)*

2) Tax on share buyback withdrawn

Note:- a) Tax on buyback was levied on 5th july, 19.

b) Companies which have announced buyback before 5th july will not be charged any tax on buyback

These companies stand to gain from the buyback relief

Company name	Issue size (Rs crore)	Date of approval
Welspun Corp	390	14-May-19
Greaves Cotton	228	02-May-19
Sasken tech	170	23-Apr-19
Star Cement	102	06-Jun-19
Eris lifescience	100	03-Jul-19
Smartlink Holding	47.5	14-Jun-19
Elegant Marbles	16.5	28-May-19
SKP Sec	7	27-Apr-19
Vyapar Inds	5	21-Jun-19

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3) No Minimum Alternate Tax (MAT) on companies who continue to avail exemptions and incentives.

Note:- MAT relief for those opting to continue paying surcharge.

MAT for companies that want to use tax exemptions cut to 15% from 18.5%

4) To stabilise flow of funds into the market the enhanced surcharge announced in Budget 2019 will not apply on capital gains arising on sale of any security, including derivatives by foreign portfolio investors (FPI)

5) No enhance surcharge on capital gains if STT paid.

Note:- After considering the above five points, total impact on exchequer is Rs 1.45 lakh cr.

Thanks & regards,
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We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed.

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