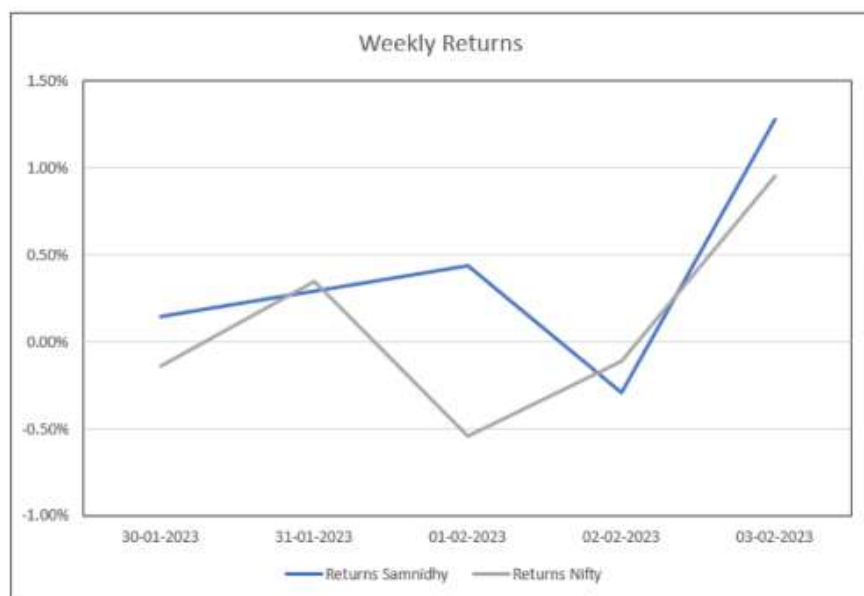


# VITT – VRIDDHI

## THE SAMNIDHY NEWSLETTER



### SAMNIDHY FUND PERFORMANCE VS. BENCHMARK



### TOP GAINERS THIS WEEK



**Balkrishna Industries**



**ITC**



**UltraTech Cement**

### TOP LOSERS THIS WEEK



**TVS Moters**



**Tata Steel**



**Larsen & Tourbo**

# News & Updates

## Energy & Metals

PM Narendra Modi will launch E20, a blend of 20% ethanol with petrol on India Energy week on 6th Feb 2023. The government has taken lot of effort to increase the ethanol blending and biofuels and they have increased ethanol production capacity 6 times from 2013-14, thus saving 54,000 crores in foreign exchange.

**Analysis:** With the introduction of E20 blending will not only will help reduce emissions but also reduce our fuel import dependence. It will also improve profitability for petroleum companies as production of ethanol is cheaper compared to petrol.

## Automobile

The import of machinery and capital goods necessary for production of lithium-ion cells for batteries used in EVs and other electronic components will be excluded from duties by the Union government. Additionally, concessions on lithium-ion batteries will last another 12 months. For critical capital expenditures in support of net zero and energy transition goals, the budget provides INR 35,000 crores.

**Analysis:** The cost of EV batteries will decrease due to the removal of customs duties on imported machinery needed to produce lithium-ion cells, which will encourage the adoption of EVs, and also help local manufacturers.

## Consumer Durables

The Government of India reduced the basic customs duty on numerous components used by producers of consumer goods. Custom duty on parts used to make open cells for TV panels was decreased from 5% to 2.5%, custom duty on camera lenses used in smartphones was reduced from 2.5% to 0%, and custom duty on an electric kitchen chimney was raised from 7.5% to 15%.

**Analysis:** Reduction in custom duty of these components will improve the margins of local contract manufacturers like Dixon tech. While increase in custom duty on electric chimney will make imported units expensive, indirectly supporting domestic companies like Havells and Crompton Greaves.

## Financial Service

After the budget announcement, that made life insurance schemes less appealing as a tax-saving instrument, shares of insurance sector, particularly HDFC Life, suffered as a result of the same. The income earned from life insurance products (other than ULIPS) issued after April 1, 2023, where the total annual premium exceeds Rs 5 lakh, was proposed to be taxed.

**Analysis:** The impact of this budget will be significant for the life insurance sector as well as HDFC Life, which had hoped for positive government measures to increase its penetration.