

19<sup>th</sup> August 2025

## GST Overhaul: The Key Potential Beneficiaries

- The government has proposed a major GST reform, likely merging most goods into two slabs of 5% and 18%, possibly replacing the current 5%, 12%, 18% and 28% structure.
- This likely aims at making essentials cheaper, reducing disputes, and supporting domestic consumption.

| Sectors                                 | Rationale  |
|---|--|
| Auto                                    | Four-wheelers & two-wheelers currently taxed at 28% likely to benefit from reduction to 18%.           |
| Banks                                   | Consumer focused loans could grow faster. But overall neutral.   |
| NBFCs                                   | Lower EMIs on consumer durables may improve demand; NBFCs financing such products could benefit.       |
| Cement                                  | Lower GST from 28% to 18% prices may ease though demand relatively less sensitive.                     |
| Consumer Durables                       | Air conditioners and appliances may gain from GST cut (28% → 18%)                                      |
| EMS (Electronic Manufacturing Services) | EMS firms tied to AC industry may benefit from rate cut (28% → 18%).                                   |
| Hotels                                  | Hotels charging sub-INR 7,500 room rates likely to see GST drop (12% → 5%).                            |
| Insurance                               | Senior citizen policies taxed at 18% may shift lower (to 5% or zero), aiding life and health insurers. |
| Logistics                               | Likely beneficiary of rising volumes in electronics, boosting logistics demand.                        |
| Quick Commerce                          | Higher consumption demand may support segment; Q-commerce players stand to gain as deliveries scale.   |
| Retail                                  | GST cut likely to narrow gap with unorganized; boosts competitiveness, demand for organized footwear.  |

Source: Motilal Oswal Securities Limited, Internal Analysis. Data as on 18<sup>th</sup> August 2025.

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