

Welcome

for a

Demystifying presentation
on Market Scenario.



&

Speaking Engagement with
Mr. Ratanjit S Sondhe.

Date: 17/03/2009

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- **GDP FY09E Rs. 33,031 bn**
- **Fiscal Deficit FY09E Rs.2873 bn**
- **Fiscal Deficit 8.7 % of GDP**

Fiscal measures ...

- IIFCL to issue tax free bonds for Rs.40,000 crs for infra funding.
- FII investments in Re. instruments raised from \$ 6 bn to \$ 15 bn.

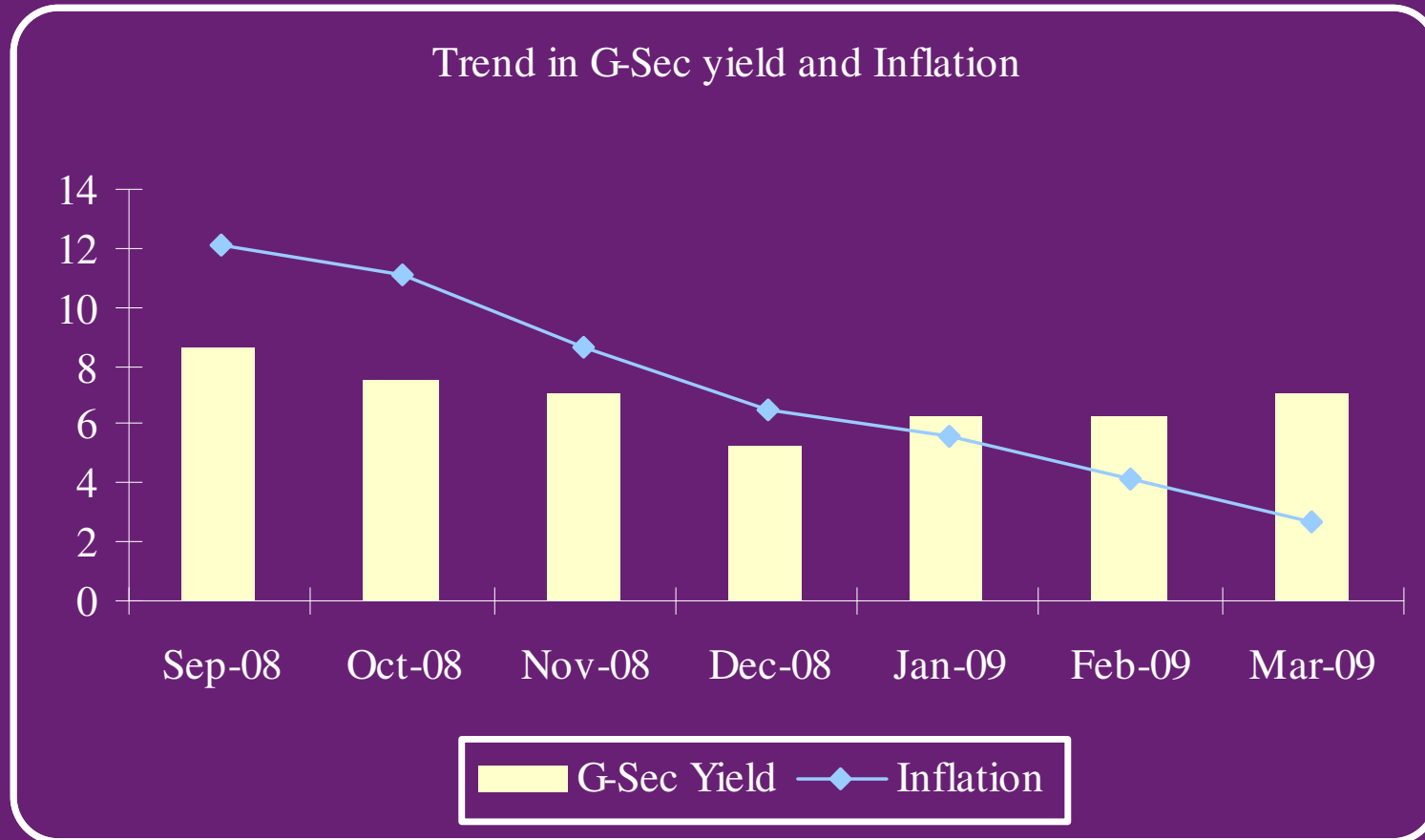
Tax Relief ...

- Service tax reduced from 12 % to 10%
- Cenvat reduced by 4%, has brought down prices of cement, textiles, and cars.
- Items attracting excise duty @ 10% reduced to 8%.
- Depreciation of 50 % on commercial vehicle purchased between January-March 09 to boost sale of commercial vehicle.

India's delicate fiscal health limiting the size of stimulus package

- India's combined (centre 9% + state 3%) 12% fiscal deficit.
- S & P downgrades outlook from stable to negative.
- Unlike China and other advanced economies India can ill afford the luxury of jumbo stimulus packages.
- The present stimulus package is the best any govt. can offer.
- Strong and stable government at Centre will only be able to execute timely implementation.
- FY10 will require many repeated doses of stimulus packages.

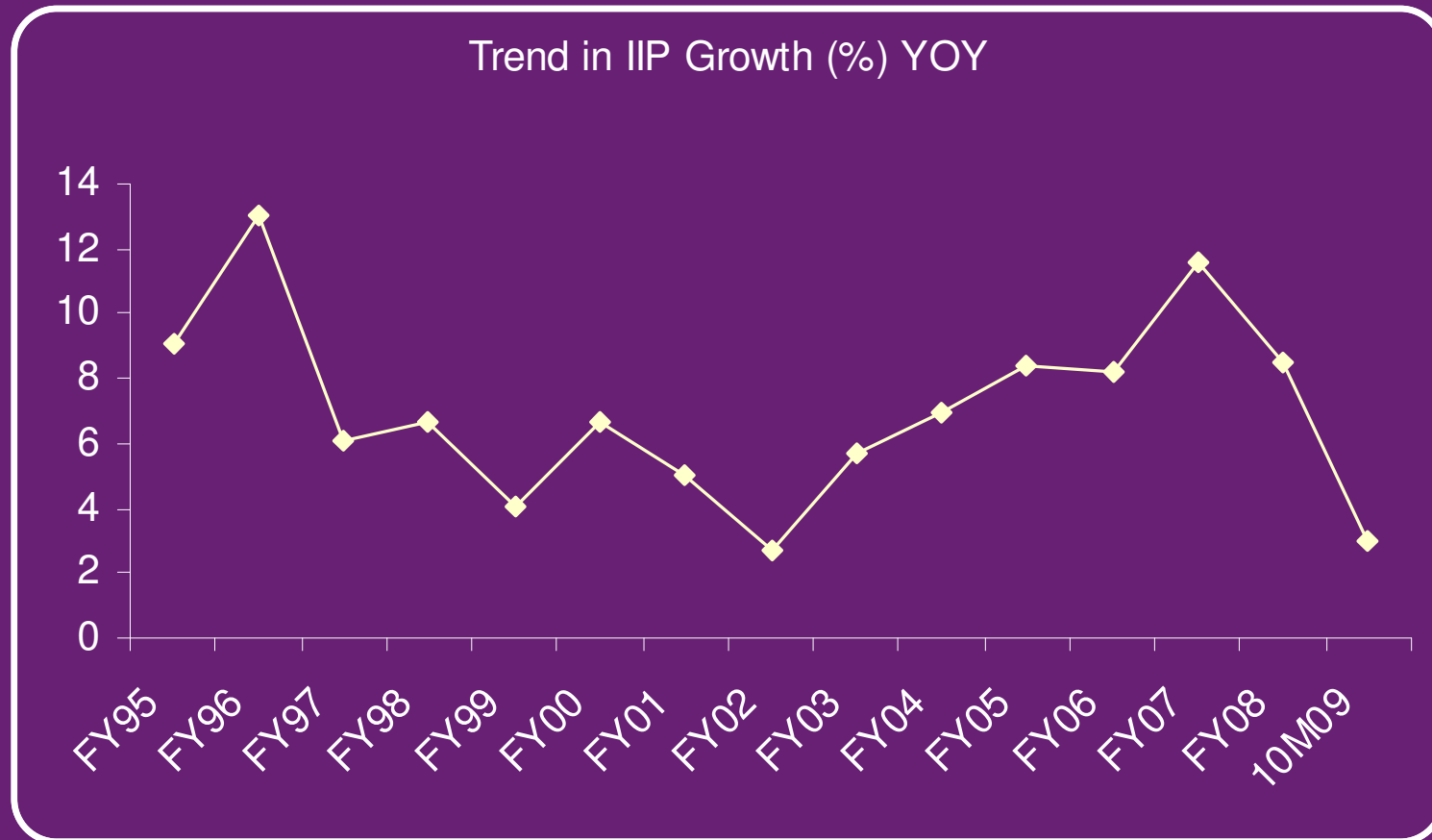
Deflation a bigger threat than Inflation



Falling Inflation not something to cheer about...

Demand evaporation a grave cause of concern for Economy

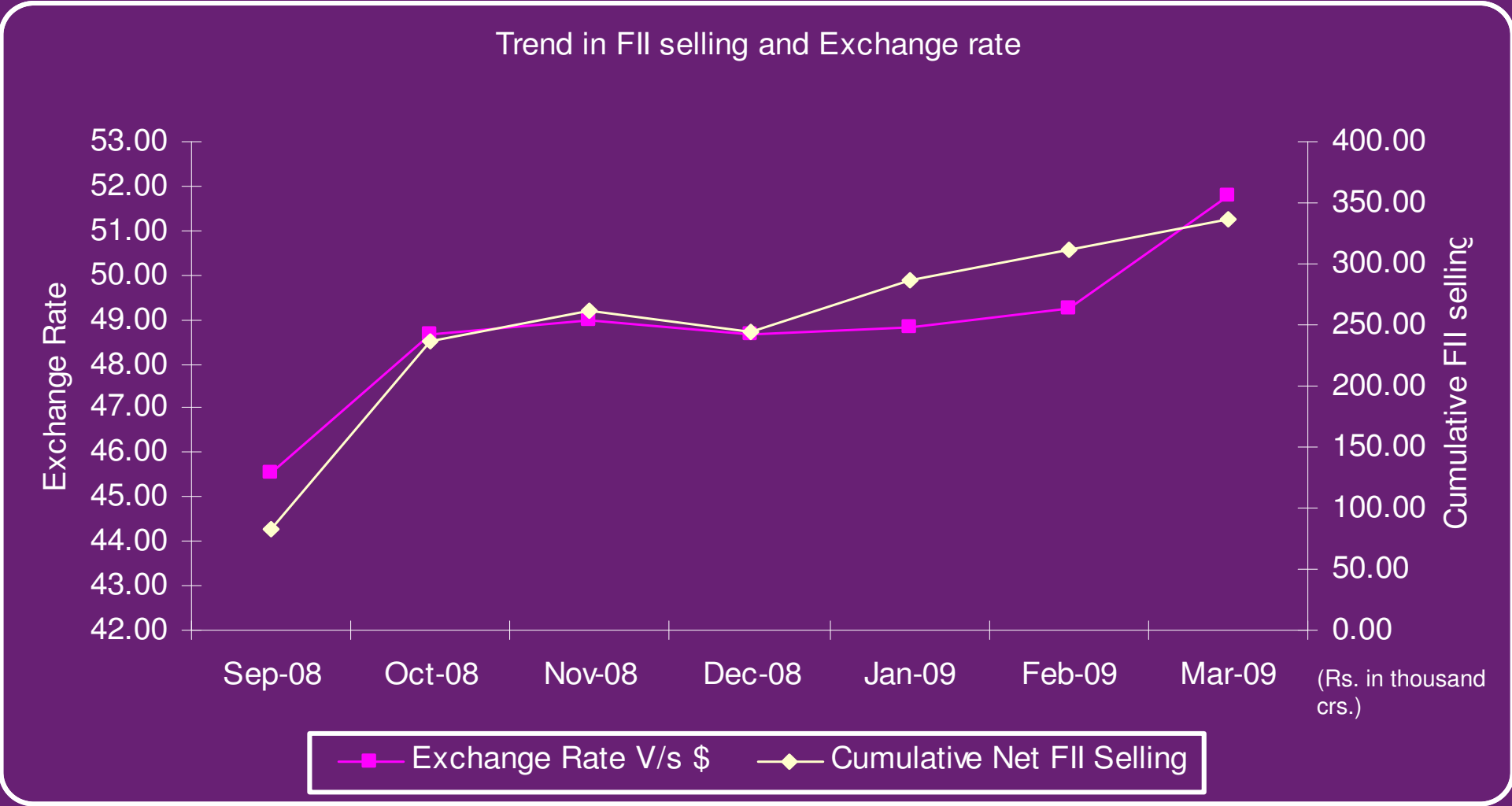
Contracting Indian Economy a cause of grave concern...



*IIP=Index of Industrial Production

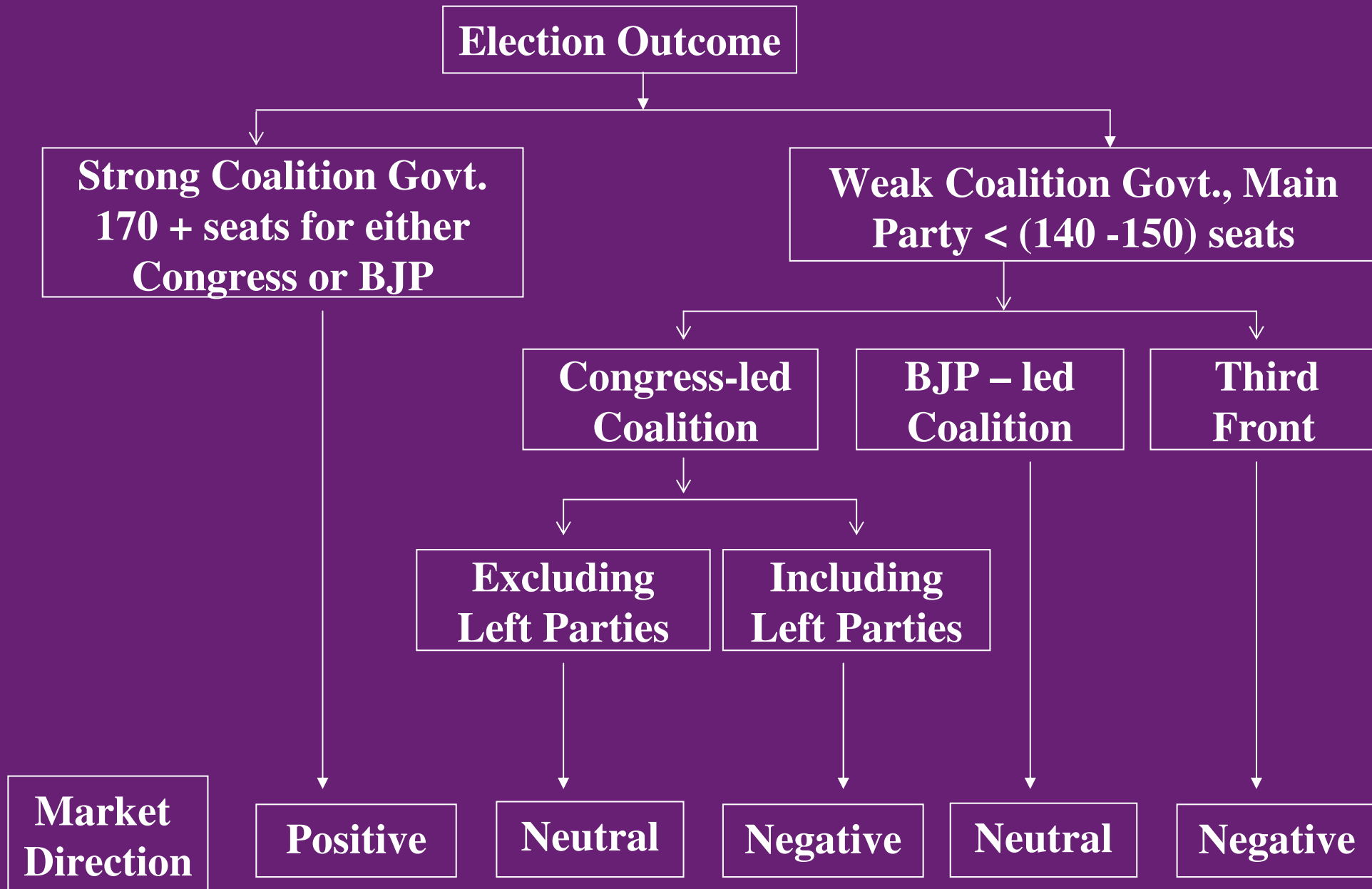
Contracting IIP index indicating GDP growth < 6% in H1 FY10.

Fall in Rupee pressing continuous FII sales...



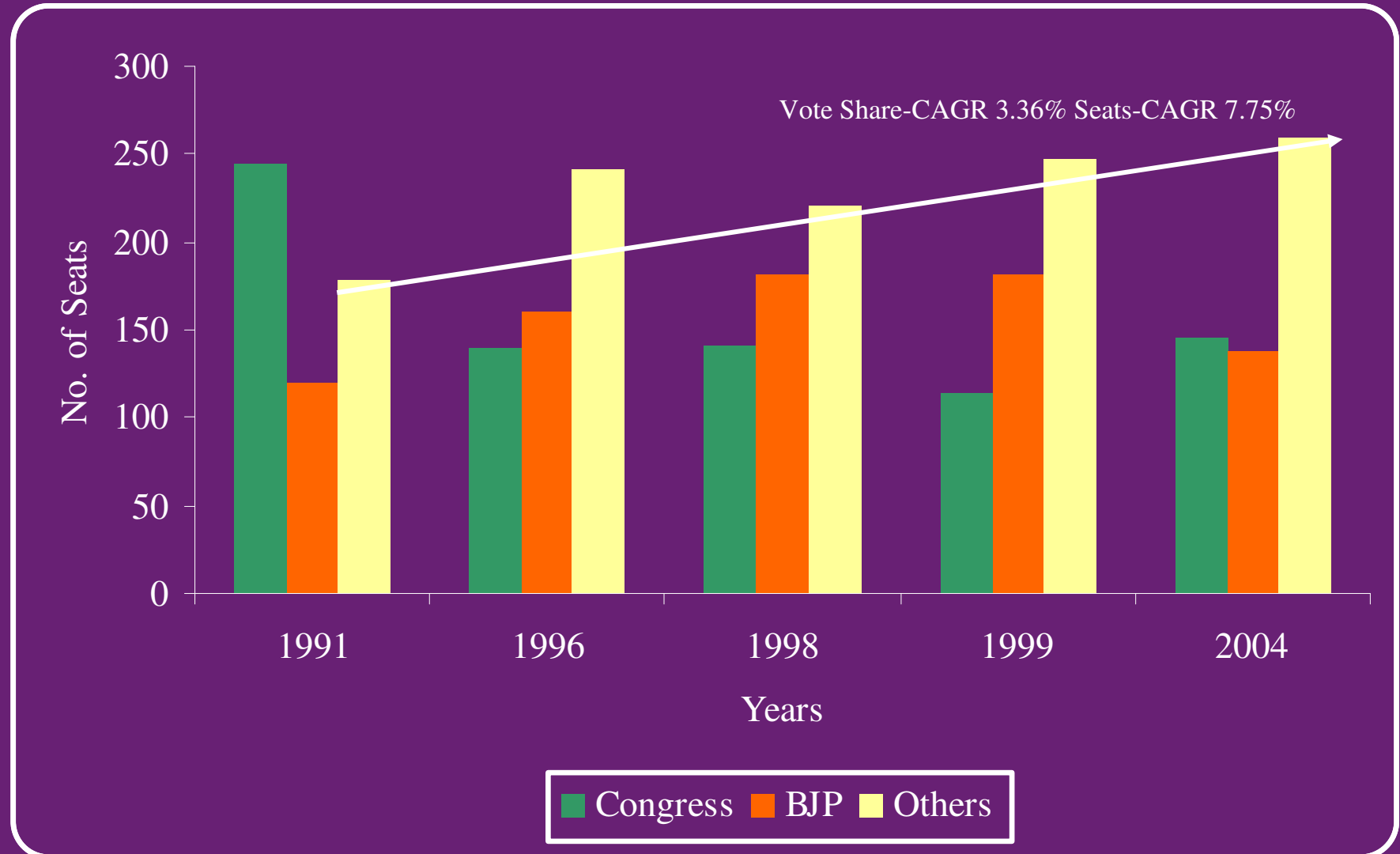
Stable & strong rupee will curtail FII selling and attract fresh dollar inflows

Possible Election Outcome and market reaction



Past Trends suggesting higher vote and seats share of regional parties`

Source : Election Commission.



Regional parties eating into national parties vote share may raise issues on stability of Govt.

Pathetic Record of Third Front Government

	1977-80	1989-91	1996-98
Coalition name	Janata Party + Allies	Janata Party + Allies	United Front
Average GDP growth (%)	2.6	5.7	6.1
Tenure of Govt. (in months)	24	19	22
No. of Prime Ministers	2	2	2

Stable centre govt. at that time would have translated in GDP growth > 7%

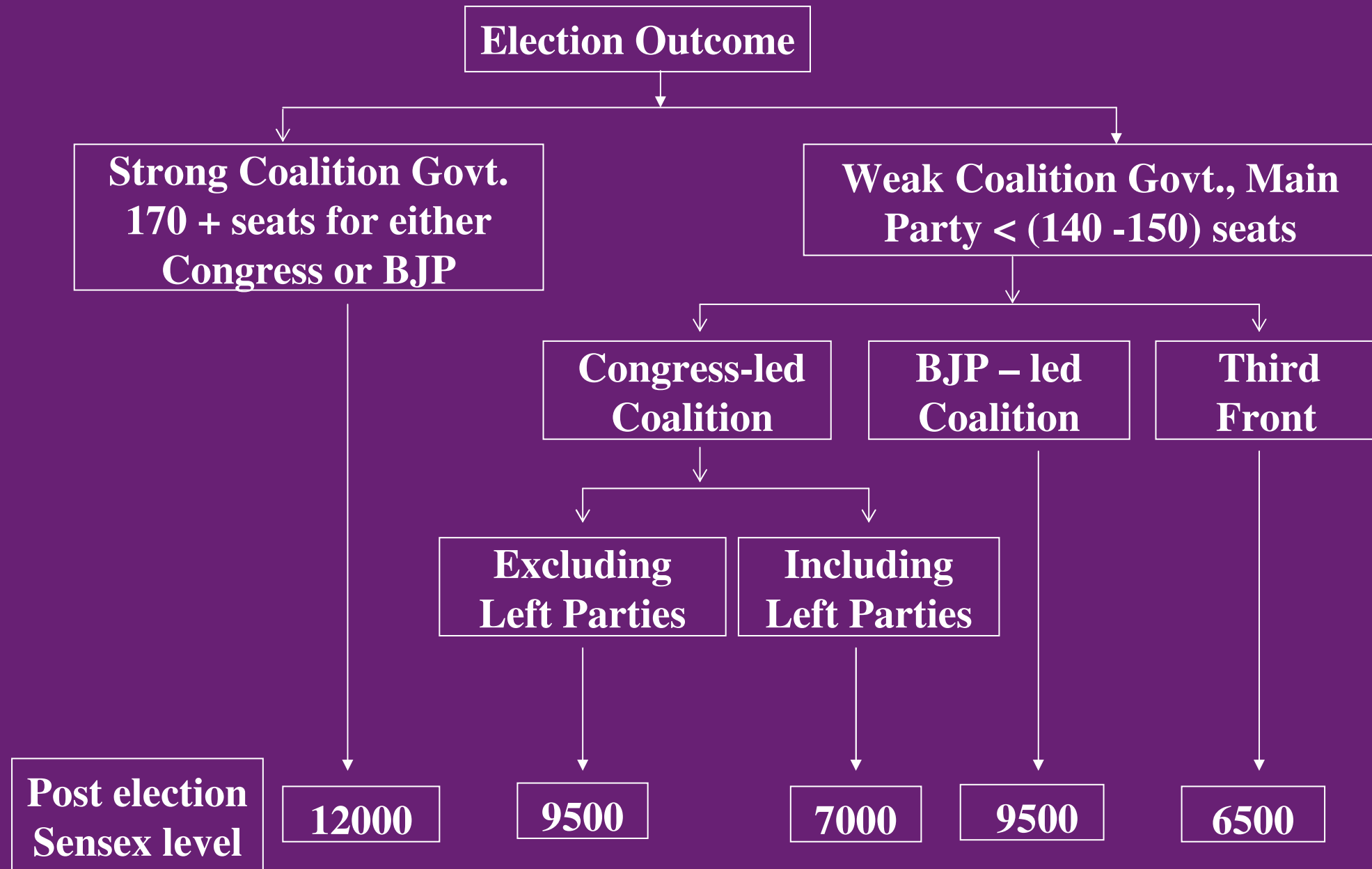
Incumbency not a major issue...

8 out of last 17 state elections have preferred ruling party

Year	State	Elected Party	I'bent Party	Winner
2007	Uttaranchal	BJP	Cong.	Non - I'bent
2007	Punjab	SAD- BJP	Cong.	Non - I'bent
2007	Manipur	Cong.	Cong.	I'bent
2007	UP	BSP	BJP+BSP	Non - I'bent
2007	Goa	Cong.	Cong.+ NCP	I'bent
2007	HP	BJP	Cong.	Non - I'bent
2007	Gujarat	BJP	BJP	I'bent
2008	Meghalaya	UDP	Cong.	Non - I'bent
2008	Tripura	CPI(M)	CPI(M)	I'bent
2008	Nagaland	NPF	NPF	I'bent
2008	Karnataka	BJP	JD-Cong.	Non - I'bent
2008	Rajasthan	BJP	Cong.	Non - I'bent
2008	Delhi	Cong.	Cong.	I'bent
2008	Mizoram	Cong.	MNF	Non - I'bent
2008	Chhattisgarh	BJP	BJP	I'bent
2008	MP	BJP	BJP	I'bent
2008	J&K	JKNC	Cong.	Non - I'bent

- Appreciation of Rupee.
- Fall in Commercial Banks FD and lending rates.
- Improvement in US Data on Home sales, employment, Consumer confidence, etc.
- Improvement in global commodity prices viz: crude oil and base metals and falling gold prices.

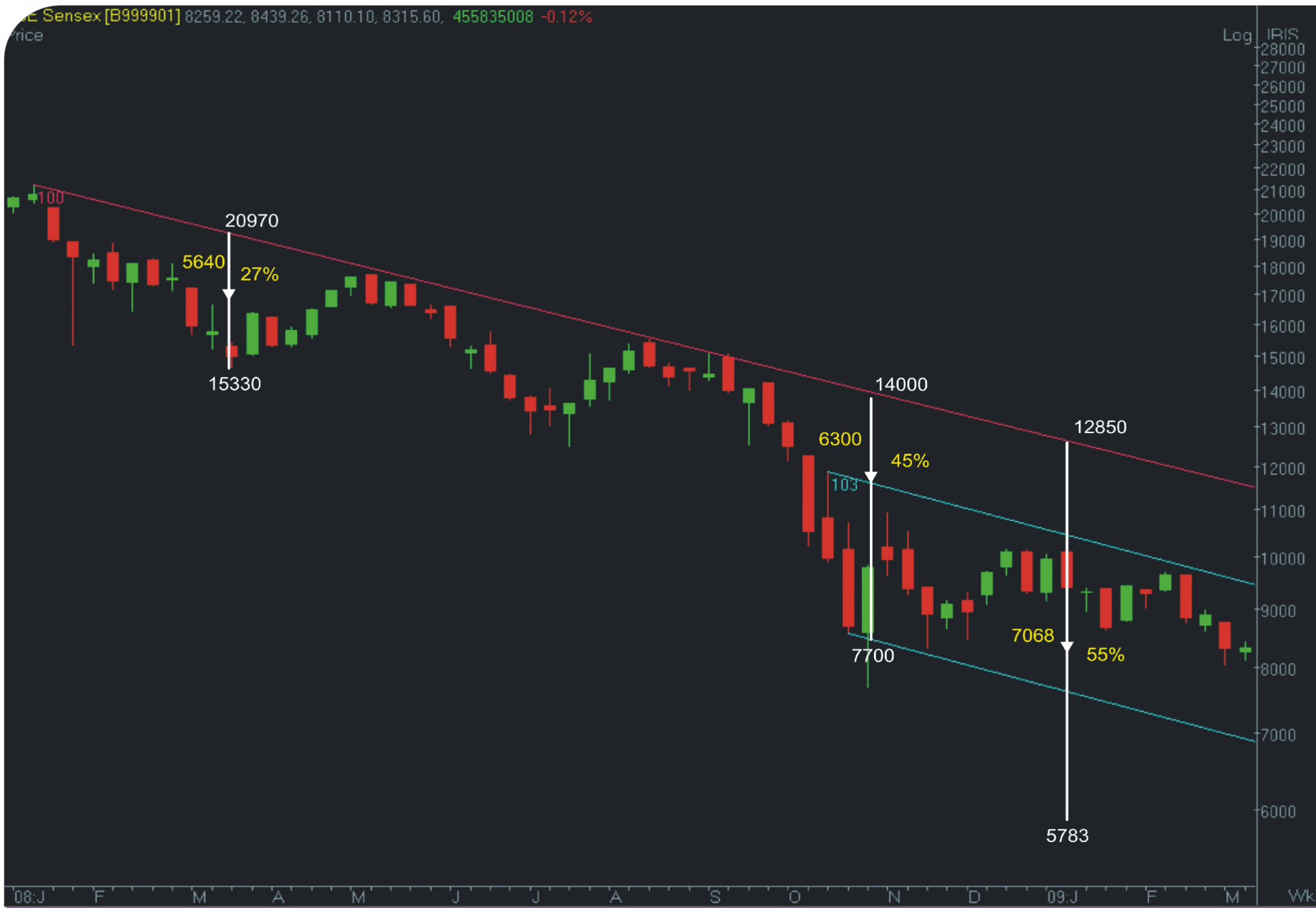
Possible Election Outcome and market fall out



Technical View



Technical View



What Big Brothers Say ?



ENAM

V/S



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	SENSEX EPS	P/E (X)	SENSEX TARGET
Q1 CY 08	1050	18	18900

SENSEX EPS	P/E (X)	SENSEX TARGET
1064	18	19152

Q1 CY 09	820	15*	12300
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840	15*	12600
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Bull Markets are

- Born on pessimism
- Grow on skepticism
- Mature on optimism
- Die on euphoria

Bear Markets are

- Born on recessions
- Grow on technical breakdowns
- Mature on eco-political nightmares
- Die on world-is-coming-to-an-end

Appeal to All of you...

Please Cast your Vote.

Jai Hind !!!

Appeal to All of you...

Please Cast your Vote.

Jai Hind !!!

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