



Equity Outlook (June 2017)

Dear Clients and Investors....

The stock markets and the entire country is talking about three years of PM Modi being in power. As every coin has two sides, there are vice and virtue in everything undertaken by our PM. We will share our thoughts on the action taken by him, the positive impact that it has and will have on the economy and the work that is still left undone.

First significant step, we believe the govt undertook was to strengthen the implementation of Aadhar card, infact the same has been converted into a act, thereby it is mandatorily applicable on every individual and violation of the same can involve penalties. Going forward we believe it could be used for getting mobile connection, if the same is done it means 1 bln people could be digitally traced in the country, their talks could be tracked, their actions can be subject to scrutiny, crimes could be solved in minutes. A mobile number linked with Aadhar will have no question of dubious origin. There were approx 40 crore Aadhar card holders in May 2014 – the current number is over 111 crore – a mammoth jump covering almost entire country.

Second step was to open the Jan-dhan account. Over 25 crore bank account have opened to get the bottom of the pyramid to be part of economic growth of the country. By doing so, corruption has taken a back seat, subsidy transfers from govt. kitty is directly reaching the poor concerned and most of political leaders and bureaucrats are unable to draw their cut in the transfer. 25 crore bank account would mean atleast 50 crore family – another mammoth achievement.

Third step will be GST – there could be teething trouble in implementation. We would compare this with the demontisation move – there were teething trouble in printing new notes, however the tide abated with time, GST could see similar story. Informal economy which moves outside the ambit of tax will face tough challenge to survive in future and is a mammoth achievement of the govt. Fruits of demonization is clearly visible in terms of money flow getting directed to the organized financial markets from the unorganized physical markets of gold and real estate. GST will see a similar story.

There are various other achievements in terms of roads, rails, power, education, healthcare etc. However there is still lot to be done, areas of work still pending would mean labour reforms, land acquisition easing, resolving the woes of the banking sector of NPAs. Resolving all these would mean we are still writing of the ills of the past rather than painting a new picture.

A new picture would mean taking the country to the next level in terms of safety, in terms of education, in terms of innovation, in terms of infrastructure (River linkages), in terms inverse brain drain from the western world to India. Miles to go before country can become complacent.

Growth for country is assured and consequently for stock markets. We continue to find stocks for you and invest in opportunities in the markets. As quote of Steve Jobs goes stay hungry stay foolish, lets us rephrase it suit our talks – Stay Invested Stay Happy...

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