



Dear all by the time we send our next monthly newsletter, Diwali would have been over by then, hence wishing all of you and your near and dear ones – a Happy Diwali and a Prosperous new year! We wish your family & you all the success, joy and happiness that you aspire for.

Now let us make an attempt to crystal gaze the year going forward. Few things are absolutely apparent and that will have a visible impact according to us. Firstly, given the global headwinds we are clearly missing out on the bountiful monsoon and the impact it will have on the economy. We see an excellent year coming up for the rural economy. There will be dual benefit of monsoon, not only is agriculture production expected to hit all time high of 161.5 million tonnes, but also, given that inflation is in control, we foresee a hike in MSP (minimum support prices) for various crops. Rural economy will benefit from both volume as well as value growth, in the coming year. Secondly, in the forthcoming 15 month period, there are lots of states that will go in for elections and most of these states are BJP ruled – names like Gujarat, MP, and Rajasthan etc. There has been BJP ruled government in all these states for almost 15 years now. Clearly, there will be lot of pressure of anti-incumbency, we believe government will spend a lot to appease the masses and retain their throne. This to our mind will be second trigger for rural economy.

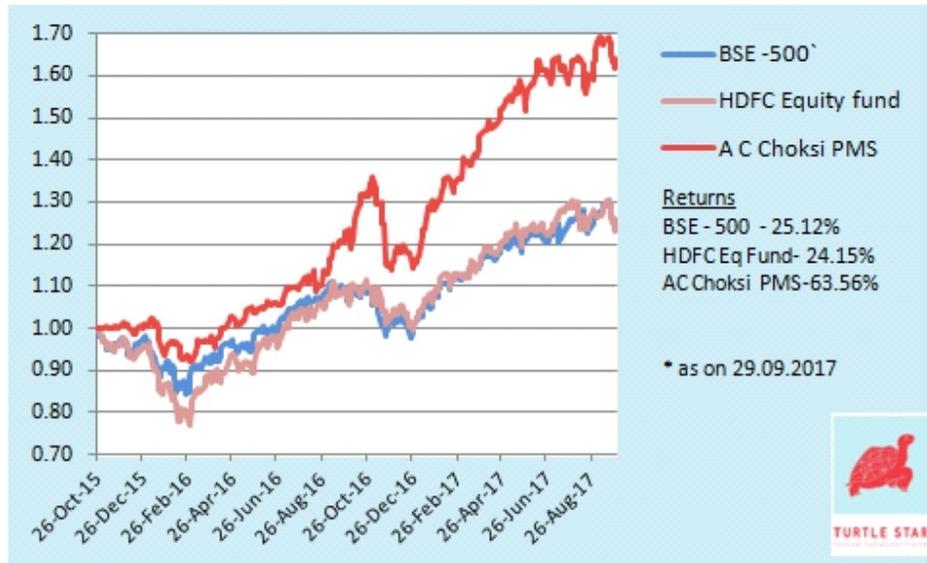
Thirdly, we will continue to see dual change of formalization of economy (GST impact) and also economy will see more transaction happen that are accounted for (Demonetization impact). Both GST as well as Demonetization has put a speed breaker to our economy. Indian economy has thrived on cash and unaccounted transaction. Both of these have propelled growth at all times and also the velocity of cash transaction is faster and that has a multiplier impact on the economy.

Fourthly, we believe the government; RBI as well as Public Sector Banks are now intending the broom in their hand and launch the Swacch Bharat Abhiyan against the NPA with renewed vigour. Of the Rs 8 lakh crore of NPA and another Rs 3 lakh crore of stressed assets – top 12 NPA account for approx Rs 2.6 lakh crore and another 40 NPA account for approx Rs 2.4 lakh crore. Thus this pack of 52 NPA cards account for major chunk of the country's mess. With implementation of Bankruptcy act and speeding of process at NCLT, a deadline is set for March 2018. We believe lot of M & A activity will happen and that will spring up case to case opportunity for investment to investors, with ear to the ground.

Fifthly, we remain to see good times for our favourite investment sectors like Auto ancillary, Textiles and Chemicals. We also believe that Housing Finance companies are richly valued and we would like to keep away from investment into these areas. We thank the verbal and allegation oriented fight between Korea and US. As long as the dog is barking and not biting, we are fine with it, We believe such investment opportunity will keep on coming from the global arena time and again. Remember – Greece default, Brexit, Trump coming to power, China getting down-graded, Korea firing missile that flew over Japan, so on and so forth. Reasons keep on coming from global markets, FIIs panic and sell, We would like to go and buy.

We remain bullish. Let me share a quote from a friend – short term emotions rule markets (behavioural aspects drive markets for a day, week, fortnight), medium term is driven by liquidity (technical analysis work for a month or quarter), Long term is **Governed by only one thing** – the profits of companies an investor invests in (**Fundamentals**)..... Cheers.... Happy Investing.... Happy New Year!

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*NAV as on 29.09.2017.

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