

2008

Investor Secretary - 14

Sreeraj M

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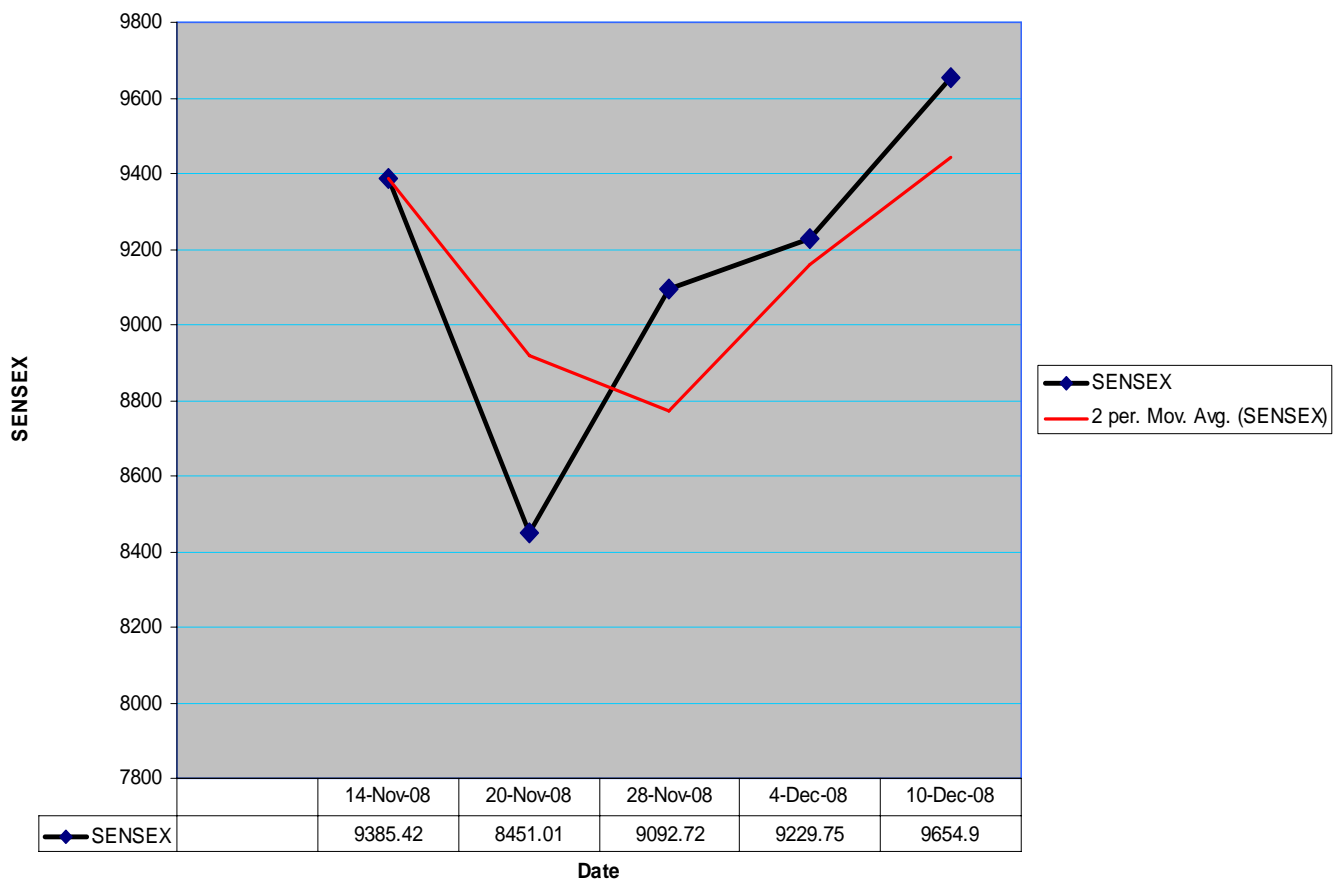
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Dear All,

This is the time when the government and the Reserve Bank of India have announced multiple measures for stimulating the economic activity. As part of the stimulus package, the government has announced Rs.20000 Crores for additional expenditure. The package also includes elements such as interest subsidy on borrowing by exporters and boosts to infrastructure investments. As on 10th December 2008 the SENSEX ended with 9654.9 points and the NIFTY with 2928.25 points. Also the terrorists tried to shake the financial capital, but it seems like the markets did not give much of a reason for them to cheer. I feel the dust is settled and a soothing rally may be expected which may help in adding another 800 to 900 points to the SENSEX.

Chart Title



Some basic highlights of the stimulus package:

- a. The repo rate has been lowered by 100 basis points to 6.5% and the reverse repo rate has been cut by 100 basis points to 5.0%.
- b. Banks have been permitted by the Reserve Bank of India (RBI) for premature buy-back of foreign currency convertible bonds from their clients.
- c. The RBI has announced exceptional concessional treatment for the commercial real estate (CRE) exposures that are restructured up to June 30, 2009.
- d. For exporters, the interest rate (not exceeding benchmark prime lending rate minus 250 basis points) on post-shipment rupee export credit has been extended to overdue bills up to 180 days from the date of advance.

The possible impact on various sectors:

Banking :

- Cost of funds may come down for the banks
- Liquidity will increase in the system

FMCG (Fast Moving Consumer Goods):

- Reduction in the excise duty might help this sector by increased higher margins

Cement

- The reduction of CENVAT on cement from 12% to 8% might bring down the prices of cement
- The reduction may not have much impact on the cement sector as this sector is not price sensitive, rather real estate and infrastructure sectors may be benefited.

Infrastructure

- An additional Rs 20000 Crores provided for the infrastructure of the Country might bring cheers to this sector
- The Ad valorem CENVAT cut on all goods could bring down the input costs.

Automobiles

- The reduction in CENVAT rate might reduce the excise duty on vehicles

It seems like the fiscal measures at around 0.6% of the Gross Domestic Product (GDP) might not leave a major impact on the economy and the fiscal situation as of now do not seem charming for further growth and expansionary measures.

Stock Advise

S.No	Name of the Stock	Target	Analyst
1.	Reliance India Limited (RIL)	Rs.1340 – Rs.1350	Rajat K Bose
2.	Aban Offshore	Rs.999 – Rs.1299	Sharekhan
3.	Astra Microwave Products	Rs.100	Ranganathan – LKP Shares

Tan's Portfolio (Status as on 10TH December 2008)

S.No	Name of the Stock	Purchase Price (Purchased on 8 th May 2008)	Current Market Price (as on 10 th December 2008)	Returns (In %)
1.	Garware Wall Ropes	108.15	44.50↓	-58.85%
2.	Vimta Labs	82.20	23.35↓	-71.55%
3.	Neocure Therapeutics	22.65	9.85↓	-56.51%
4.	Sterling Tools	69.20	33↓	-52.31%
5.	Finolex Cables	69.90	20↓	-71.39%
6.	Prism Cement	41.70	18.50↓	-54.64%
7.	Assam Company	27.20	9.10↓	-66.54%
		TOTAL RETURNS		-61.68%

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