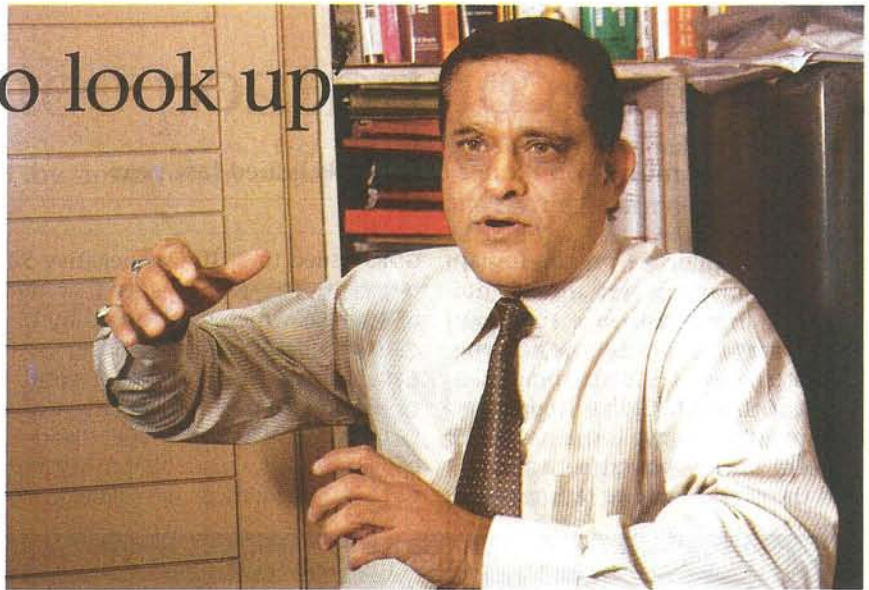


PORTFOLIO TALK

'No reason to look up

Lalit Kumar Dangi is a gold medal winning chartered and cost accountant-cum company secretary, and is the chairman of Libord Finance. The company has carved a niche in restructuring companies, reviving sick ones, M&As, corporate debt restructuring ranging up to ₹500 crore, foreign tie-ups, advising on IPOs and general corporate activities. Over the years Dangi has gained experience in investment banking and the capital market, while restructuring non-performing assets. He spoke to **Lancelot Joseph** on the current rumbling in the stock market and economy. Excerpts:



Where do you see the market is headed?

It is really a conundrum which is vowed by many analysts, fund managers and the government. The market scenario during the last seven to eight months has totally spurned the basic fundamentals and techniques of the market paradigm. But I personally feel that the market has no reason to look up since all the factors have come in the negative territory. The market will dangle from top to bottom in the near future and it may suddenly go down surreptitiously, without anyone even noticing the same. The market has every reason to go down below 15000.

What are the reasons for it to move in that direction?

There are many reasons for the index plummeting. One, the Indian economy is faltering and we may reckon GDP at less than 7 per cent. Money is flying out of emerging economies like India. Back home, the central bank is working to tame inflation which will restrict the growth besides it is also trying to weaken the currency which is affecting the imports. The government is in no mood to spend money on infrastructure which has put a brake on acceleration of the economy. Hike in bank rates, reduction in

production and increase in import bill have reduced the profitability of every company. Then, due to austerity drive in European countries our exports will be affected.

More importantly, corruption has taken a centre stage. The government has more or less stalled all the decisions making process and every matter is taken under advisement which is delaying the process of implementation of right policies. Lastly, the government could not still pass many important bills due to fracas in Parliament.

What about the global scenario?

The global scenario is very weak; Germany and France are trying to salvage the damage done by some European countries like Greece, Italy and Spain, but still they are not able to do so. France and Germany have given a big amount for bailout package but still there are 99 per cent chances that Greece will default within 6 to 9 months. Everyday Europe's economy is topsy-turvy and weakening and no country has the courage to stem it. Germany has slogged through but it was a futile exercise. US government is only dabbling in improving economy but the result is that the US policy-makers are not able to think other than quarrelling in the

Congress for petty things. I don't foresee any improvement in the economy globally due to great deficit in those countries' budget. The entire scenario in the globe is going to be gloomy and may not give any fruitful results to foster growth in the world.

What should an investor look for in the Indian market?

Today it is really difficult and challenging for the investors. They should not put their head above the parapet and I personally feel that they should keep their heads below the parapet. There are some good industries which will have good performances, such as infra, power, auto, pharma etc. where the investor should look for a long term investment.

What is your reading on corporate performance for the first half of the current year?

The corporate results for the first half of the current year are going to dent the profitability of many companies. There are also chances that many new projects which have been put on execution will be on the backburner. Labour unrest, increase in commodity prices, diminishing confidence level, decrease in demand due to inflation, increase in interest rates have all affected the profitability of the companies, which can also be judged from the less advance tax figures of those companies.