



Interview of Mr. Waqar Naqvi - CEO, Taurus Mutual Fund On Current Scenario of Indian Market

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'Indian markets are fairly valued at this point'

The situation in the US markets is improving and foreign investors are earning almost the same at home as in India. WAQAR NAQVI, CEO, Taurus Mutual Fund, tells Jincy Mathew. Edited excerpts:

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MARKET VOICE

WAQAR NAQVI
CEO, Taurus Mutual Fund

How do you expect the markets to pan out in the near-to-medium term?

In the near term, by which I mean the next three to four months, the markets may surge 10-15 per cent. The Indian growth story will continue unless there is a major negative international event that drags the market lower. The current interest rates and inflation will play spoilsport only in the short term.

Do you think the Indian market is fairly valued at the current levels?

At this point in time, the Indian markets are fairly valued. If one looks at some of the blue chip companies, they are in line with the 2007-08 levels, which are fair. The only exception to this are some realty and tele com stocks that are undervalued.

Foreign funds have pulled out nearly Rs3,400 crore from the Indian stock market in May. What is driving them away? Do you expect this trend to continue for long? There is no particular reason on which one can pinpoint the current outflow. I think this is an incidental case. The rise in the borrowing rates and the inflation being above the comfort level may play a small part but it is not completely responsible for the shift. Also, one has

to remember that the situation in the US markets is improving and foreign investors are earning almost the same at home as in India.

Off late, the BSE FMCG index has outperformed the other indices. Do you feel the next rally will be aided by the consumption-driven theme? FMCG will definitely be one of the major participants in the next rally. The reason for this is the increase in consumption in rural areas that have more disposable income, thanks to the various schemes by the government. This leads to a greater demand and forms the basis for the next upward move.

What are your top sectoral picks in the current market scenario? Banking is attractive, given the current valuations. However, I do not see any immediate upward move in banking scrips.

Select stocks in infrastructure, telecom and auto appear

attractive at current levels. On the other hand, information technology (IT) is one space from which I will stay away as the entire sector is under pressure. Apart from TCS, there are not many companies which are doing very well.

Are you completely invested at current levels? What is your advice to retail investors? Yes, we are completely invested at the current levels. My only advice to retail investors is to stick to the basics. Don't get into any over adventurous scheme as any fluctuation in the market will violate the basics and will lead downwards.

What is your outlook for the commodity space, especially gold and silver? In the commodity space, gold will continue to go up further as this is one of the preferred asset classes in the current scenario. As regards to silver, one can expect another 10 per cent decline in the near future.



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