

investor into great businesses and we are always looking for those kind of opportunities. Selloffs like these gives us great opportunities to buy high quality businesses at really attractive prices"



Off the Beat
**RBI May
 To Let Ru
 Decline S**



SUGATA GHOSH

Shocks often have their origin in exuberance. It's no different with the rupee. As 2015 came to a close, there was a flurry of reports from large international banks on why everyone should be bullish about the Indian rupee as oil plunged to new lows.

It was also a time when bets, running into hundreds of millions of dollars, were being placed on the rupee in offshore financial centres like Singapore and Hong Kong. Hedge funds, MNCs and large corporates were betting on the long rupee and short dollar. Emerging market currencies like the Malaysian and Philippine pesos were also being bet on in the non-dollar market. India's stock market was trading amid a shock wave that was the second to last of the long-term returns began going south in this currency. Much of the jurisdictional shade is being exchanged. It does not seem eager to buy in. The rupee is not a good buy in the long term.

Hold On and Stay Calm; Pick Up Quality Stocks

Falling markets provide the best opportunity to pick good stocks that will yield superior returns in future, said Pankaj Murarka, fund manager, Axis Mutual Fund. In an interview to **ET NOW**, he advises investors to be calm and not cave in to the negative talk. Edited excerpts:

that investors need to be very selective in midcaps and smallcaps because a lot of those companies were pricing in growth expectations which were significantly higher than largecaps and which in all probability were not likely to be met. So there will be a fair degree of disappointment in that space. But in case of a selloff, there will be opportunities for investors to invest in some of the high quality midcaps.

it, India will be a significant beneficiary. From where we were in 2013, over the last two years, India probably has one of the best macroeconomic fundamentals amongst all emerging markets or amongst all the Asian peers and it is highly probable that India's growth will accelerate over the next few years. We are already the fastest growing economy in the world. If we can execute well, get our policy making right and bring about higher degree of transparency and faster execution of policies, India, probably in one or two quarters, will look very different from the rest of the world and that is a great opportunity.



EXERCISE CAUTION
 Be selective in midcaps and smallcaps as a lot of companies were pricing in growth expectations, which were not likely to be met

What should investors do given the current state of the markets?

Financial markets often go through this kind of crisis. If you look at the history of long-term returns, investments made during periods of crisis yield superior returns over a longer period of time. The point for investors is to stay calm and not get too jittery. I do not think this is the time to sell.

If at all anything, one should use the crisis as an opportunity rather than cave in. So clearly, there is a fair degree of nervousness because of the collateral damage that is emerging out of slowing Chinese growth and a complete collapse of the commodity basket. I am sure it is having a rub off effect on other asset classes. Globally today, all markets are being painted with the same brush.

But once things settle down, probably two or four weeks down the line, the markets will make a distinction between economies that will benefit out of it and economies that have got adversely impacted. Eventually, India

Whenever the recovery comes in, do you sense if it is going to be rather anaemic in nature or will it be across the board?

Whenever markets recover, it will be across the board. Though commodity prices are collapsing now, at the end of

Where would you be parking fresh capital now that you are saying India will be a great market one year down the line?

We tend to be bottoms-up investors and buy into great businesses and we are always looking for those kind of opportunities. Crisis like these or the selloffs like these where you see a complete capitulation on the street always tends to work very favourably for us because it gives us great opportunities to buy some high quality good performing businesses at really attractive prices. So for us, times like these are really great times to go out and buy out some of those great businesses which we believe are available at a significant discount to their long-term fair values. At this point of time, we find more value



AFTER THE STORM
 Once things settle down, markets will make a distinction between economies that

Where? Is it certain private banks or PSU banks? Or, is it largecap IT?

We find lot of value in private sector financials because we think they all have been beaten down pretty sharply. There is some degree of nervousness on the asset quality and discussions which RBI has been having with these banks but we think if you take a medium- to long-term view, we see lot of value on those franchises on the state owned banks. We would like to wait still further because we need to clearly get all those issues behind them and they need to undergo serious structural