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Religare Macquarie Wealth Management, a 50:50 joint venture between Indian financial services firm Religare and Australia's Macquarie group, which is into advising wealthy individuals on their investment requirements, is in expansion mode in spite of tough market conditions. In an interview with Rajesh Abraham, its chief executive officer Vikas Agnihotri said, 2009 would be a year of consolidation for the stock markets and a revival can be expected in 2010. Excerpts:

■ What's your view on the markets?
We believe 2009 will be a year of consolidation. Because of liquidity issues with companies, we believe large cap and diversified portfolios will do better. It's better to stay away from mid-cap and small-cap stocks. Liquidity issues will affect these stocks the most.

■ What is your view on the economy?
The rate of inflation is under control. The Reserve Bank of India has stated that inflation will come down to 3.5 per cent by March. The International

Monetary Fund, in its recent report, has projected the Indian economy to grow at 5-5.5 per cent in 2009 and the Chinese economy at 6.75 per cent. Though this is lower than earlier estimates, in the global context, it is better by half a percentage point compared with the projected global GDP growth. The year 2009 will be a year of consolidation and only the fittest will survive. More and more people will look at preserving their wealth and will be happy just beating inflation.

■ When will we see a revival?
We see a revival in 2010. Governments across the world are injecting liquidity into their financial systems. It takes time for the stimulus packages to take effect and for the growth rate to come back. Within India, due to strong regulations, the impact (of the global economic slowdown) is still not being felt.

■ The earnings season is coming to an end. What do you make of the December quarter corporate results?
Bigger companies, such as Reliance Industries, HDFC and Infosys Technologies, have posted positive results. Companies have stated that



"It takes time for the stimulus packages to take effect and for the growth rate to come back"

Vikas Agnihotri, CEO, Religare Macquarie Wealth Management

their outlook is more cautious. One good thing about India is the high savings rate at 28 per cent. As long as investments are back, things will look up. There is intrinsic cash in the market.

■ Foreign institutional investors have pulled out over \$13 billion from the market since 2008. When do you think they will come back?
We believe, this is a time for consolidation. Markets are going to be range-

bound. Volatility in the market is reducing. This is a good indication. When we see further reduction in volatility, FIIs are expected to return.

■ What's your view on the Satyam fraud? Has it affected India Inc's image?
The Satyam episode has affected all stakeholders, not just foreign investors. Integrity and ethical practice in big companies is very important. Reputation is very important. It is

a big issue for all stakeholders.

■ How do you think Indian regulators, the ministry of corporate affairs, the Securities and Exchange Board of India and the Serious Fraud Investigation Office, have reacted to the situation?

Indian regulators have acted very swiftly. Indian regulations are very strong. They have a wealth of people with good knowledge and credentials. We are sure they will go into the root cause of the Satyam problem.

■ Can you explain how your business is different from your rivals' in the wealth management business?

We are trying to do the business on an advisory-led approach. Others follow a product-led approach. We are not product pushers. In India, most customers have three-four people to advise them on wealth management. In the overseas market, there is only one company to advise clients on wealth management, which should be the ideal model. We are trying to bring in a holistic approach in India.

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