

LIVE RICH
FINANCIAL
Chronicle

Thumb rules for bottom fishing

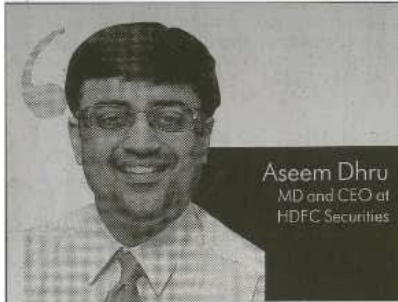
As the global credit crisis worsens, rattling stock markets across the globe, the Indian market is hitting new lows almost every other day. The Sensex has already lost 42.35 per cent since January 1, 2008. While the outlook remains gloomy, market valuations have become very attractive, and alert investors are waiting for the right moment to make a killing. We asked top bosses of five broking houses to draw a bottom fishing strategy for retail investors. Here is what they have to say:-

(Compiled by Anand Rawani)

■ Don't invest in a hurry. The market may witness a further correction of 10 to 15 per cent

■ Go for systematic investment in strong companies like L&T and Infosys

■ Spot companies that are trading low due to huge FII selling. These scrips should generate good returns in the long term



Aseem Dhru
MD and CEO of
HDFC Securities

■ Global outlook is very weak. India has a huge current account deficit and the domestic liquidity is tight. So companies which get most of their revenues from domestic market should do well

■ Companies that suffer from currency risk should be avoided, be it a net importer or exporter

■ Sectors like capital goods, sugar and two-wheelers should do well

■ One should avoid real estate, metals, four-wheelers, technology and telecom



Sudip Bandyopadhyay
CEO and Director, Reliance Money

■ Go strictly for long-term investment horizon, which should be at least three years

■ Look for bluechip companies trading at decent valuations. They carry less risk

■ Consider diversified large-cap companies



Amitabh Chakraborty
President - Equity,
Religare Securities



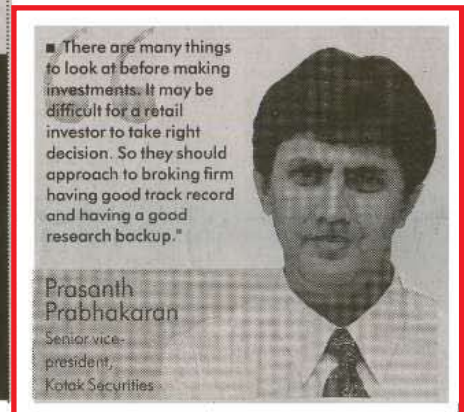
Gagan Banga
Group executive
director, Indiabulls
Securities

■ Look at businesses and companies that are relatively safer from any impact of the global economic slowdown

■ Companies with high cash reserves are preferable. It would be difficult for companies to raise funds in the near term

■ Look at the business model of the company, go in for the ones whose businesses are less likely to be impacted by any slowdown

■ Last, but not the least, valuations should be at decent levels



Prasanth Prabhakaran

Senior vice-
president,
Kotak Securities

■ There are many things to look at before making investments. It may be difficult for a retail investor to take right decision. So they should approach to broking firm having good track record and having a good research backup."