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Going towards a much more matured market: Parag S Parikh

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In an interview with ET Now, Parag S Parikh, chairman, Parag Parikh Financial Advisory Services, talks about the banking sector and gives his market perspective. Excerpts:

What have you made out of this caution that investors are taking right now in the markets and not ready to take long positions?

It is a good sign of the maturity of investors. If you see, there is so much of uncertainty around us. It is good for the capital market as such that people are not mad and are not just buying into anything. It is a caution to the investment bankers. You do not come out with any paper in the market expecting the investors to buy anything. So we are going towards a much more matured market.

What do you make of the results that we have got so far?

Since a year or so, you have only good news coming in and you expect only good news to go on. Disappointments are there for various reasons. This is the way the equity markets work or corporates work. You just do not go on doing well for all times to come. You have certain breaks and all. So you should take it in the stride.

On valuation basis, any counter that has been beaten down thoroughly and now looking cheap for a pickup?

Yes, Piramal Healthcare is really beaten down so badly, and I think it is a good investment. Some analysts find that they are getting into NBFC, which is not a good idea. In respect of management, the management has got good business sense, ethics and they are doing the best to do whatever they can do. Markets do not believe in that, and they have beaten down the stock.

From the overall market point of view, do you think you expect the vertical fall from hereon or do you think they will remain largely volatile, a bit range bound in the next 3-6 months?

It is very difficult to say, but if you are a value investor, if you are doing bottom up stock picking, these times offer good opportunities. How the markets would go? It is very difficult for anybody to predict because the markets, the Sensex, which we see is made up of 30 stocks, Nifty is of 50 stocks. Big guys, they play in these stocks up and down, so it really does not give you the sense of the market. If I am an investor, I am going by bottom of stock picking and opportunities will always come.

What have you been looking at particularly from an oil and gas sector point of view?

I am a firm believer in the energy sector as such. There are companies like Gujarat Gas, [Indraprastha Gas](#) , and Petronet LPG. These are good stocks to buy. These are good values.

How would you look at SBI and the banking space in general?

The new chairman is cleaning up the balance sheet, and again SBI becomes a good opportunity from Rs 3500, people have just beaten it down to about Rs 2100. Values are emerging in SBI. If things go bad, it could be taken down a little bit, but cleaning up a balance sheet is not bad.

What about the PSU banking counters from the mid-cap lot? Will you be looking at any names like [Bank of Baroda](#) or a [Dena Bank](#) and IOB?

No, on the contrary, I would definitely go for the private sector banking like [Axis Bank](#) or [HDFC Bank](#) and of course if I am going for PSUs, then SBI has become a value today.

What do you expect could be a potential monsoon impact on the markets and could it trigger a bit of a rally?

Up till now the monsoon is expected to be in time. So I do not think that factor is playing too much in the minds of people. If the monsoon gets delayed by about 15 days, then the markets will start reacting and that time it can be a trigger when the monsoon comes, but not at present because the monsoon comes every year. So it cannot be a trigger. It is only a salient event which can give a trigger.

One conviction buy from you?

One stock which we should buy is NOIDA Toll Bridge, which is a very good stock.

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