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India definitely looking one of the better markets to invest in: Devina Mehra

Synopsis

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There is an election cycle in next 12 months and three four months ahead of the [election](#) cycle everybody would say okay let us wait, what if this happens, what if that happens, what if [markets](#) do not like the verdict, do you see this election cycle fear factor/suspense playing out this time around also?

Difficult to say. It is still far away to worry about. I mean it also depends on where the market is at that stage.

We normally look at everything from scratch every quarter so still some time away to make a punt on that if at all. Again markets do not make it easy that you think if this is the verdict then this will be the market reaction it can be quite something else as we have seen in the past right from 2004 onwards...the immediate reaction and the eventual reaction can differ and so on.

It used to be a change of heart at least from a market standpoint and a change of communication from promoters when it comes to consumer tech and fintech for companies like [Paytm](#) when they went public the [IPO](#) prospectus was that we do not know when we will make [profit](#) now the same companies are ready to give a guidance that we will be profitable very soon. How do you approach this sector now because this is still high growth sector, they are speaking the language what Devina Mehra likes cash flow and profits now?

Yes but the cash flow and profits are still far away compared to the valuations that they still have and I said just a while ago that for us risk management is priority so we are not in the business of taking punts, which play out basically on luck.

We like something where there is predictability and there is enough money to be made on that. I was just looking at a small case offering and in the last one year it is up 30% as against the index being up 12% odd so with a diversified portfolio with close to 30 stocks across sectors you can make that kind of money. So I am not in the business of doing this and again it is just because they are off their IPO prices does not necessarily mean that they are great value at today's prices. Again we are getting lost by that. I mean wait and watch let us see what happens.

To your mind which is the most overrated sector in this market and underrated sector in this market, I am asking a very simple question?

I can tell you what we like and what we do not like. One theme of course which I have spoken many times on your channel because that has been the biggest overweight sector for us right from now more than a year and a half about 20 months or since October 21 which is capital goods and industrial machinery and each quarter we think that possibly the story over but our system still likes it. We have switched stocks and so on but the sector as a whole we still like. Our systems like banks as I said we would be somewhat overweight.

What we have added in this calendar year would be autos, auto components, a few construction stocks, a few pharma stocks, IT we remain slightly overweight, not hugely overweight but slightly overweight.

So that would be it broadly and of course not everything is a sector call. As in 2022 some of our biggest winners were [ITC](#) and Raymonds which were not sector calls. In terms of what we do not like you were talking of the refinery OMCs so that sector still we do not really like.

Real estate also we are generally still avoiding. Then there are some of these consumer durable, paints, that kind of thing I do not think that sector prospects are still very good I mean that that might change as inflation comes down and all that but for now that those would be probably the sectors that we do not particularly like.

Do you think in next four to five years there is not a strong possibility but a strong probability that the Sensex could touch one lakh, it is not a prediction but purely based on maths and historical returns?

It will touch a lakh at some point, it has to but I would not like to give an exact time frame for that and as you said the historical returns play out over a period of time. If you look at the Sensex itself in 40 years even if you look at each decade the returns have been very different; the first 1980 to 1990 decade it was 21% compounding then it was 14% then it was 17%, 2010 to 20 it was only 8% odd so the variation can be quite large.

Right now we are in a good phase simply because we had that very long low return period for a whole decade and where we also underperformed the global markets almost every year. So we are in a better phase as I said while global equities are themselves not looking bad at all India is looking still definitely one of the better markets and one of the big changes which we made in global portfolios of late has been to go overweight Japan that is another country where we think the markets have had a turn. So it is interesting to watch the markets but as I said I do not make predictions on the indices.