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Markets likely near bottom range; stay invested

By Anupam Nagar

Synopsis

Devina Mehra of First Global believes Indian equity markets are in a bottoming zone, advising investors to stay invested. She anticipates 2026 will be a better year than 2025, with sector rotation continuing. While acknowledging earnings disruptions, she remains constructive, seeing power as a key growth area and the IT sector as evolving, not dead.



“If the employment part slows down, that is more of a question mark for the economy as a whole.”

In a recent conversation with ET Now, [Devina Mehra](#), Founder and CMD of [First Global](#), maintained a steady and measured stance on [equity markets](#), reiterating her earlier view that markets are likely sitting in a broader bottoming zone and that investors should continue to stay invested rather than attempt aggressive timing.

“We are around the bottom range”: long-term positioning unchanged.

Responding to whether current levels offer a buying opportunity or if investors should wait for deeper corrections, Mehra said her view has remained consistent over the past several months.

“My view has been consistent. So, last month on your channel or on your Hindi channel I had said that the market is somewhere around the bottom range, I do not know whether it will start moving in two weeks or two months or whatever, but we are definitely around the bottom range. And my advice was that whatever is your equity allocation, remain invested. So, never have 100% in equity... whatever is your equity allocation, it was time to be invested then and it is time to be invested now as well.

She added that while she does not make index forecasts, probability suggests a better year ahead. “Overall, while I do not give index projections, in probability terms I think 2026 will be a better year than 2025...”

She also flagged sentiment as a contrarian indicator, noting that periods of fear tend to be more constructive than euphoric phases.

“When making money appears very-very easy... that is usually the worst time to get out of the market.”

No fixed themes, but [sector rotation](#) continues

On identifying long-term themes, Mehra said her investment process is not based on multi-year forecasts but on a quarterly re-evaluation of opportunities.

“We look at everything from base zero every quarter. The question we ask is: if we had cash today, where would we be invested?”

She pointed to past calls in capital goods and recent overweight positions in autos, auto components, and pharma.

“You are right, we identified capital goods in October 2021... last couple of years we have been overweight auto components and autos... pharma and healthcare we have been consistently overweight.”

While pharma saw consolidation in 2025, she said the overall stance remains constructive.

She also highlighted selective exposure to banking, including PSU banks, while maintaining that the portfolio remains diversified across FMCG and chemicals.

Power sector emerging as a key area of interest

One sector showing improving visibility is power, both generation and equipment.

“One sector which has begun to look better is power including the power equipment and power utilities and I suspect part of it is to do with data centre spending because data centres are extremely power intensive.”

Earnings outlook: mixed but not negative

Addressing concerns around [earnings growth](#) and valuation, Mehra cautioned against over-reliance on index-level PE multiples, arguing that sector composition changes make long-term comparisons misleading.

“Looking at aggregate markets, it is usually not very meaningful if you talk about the Nifty PE... you are not comparing apples to apples.”

She noted that valuations across many sectors are not stretched versus historical averages. “It is not as if that we are very-very stretched on the valuation side.”

On earnings, she acknowledged near-term disruptions but remained broadly constructive.

“Overall, I am not negative on the earning trajectory. Probably I would have expected a better acceleration, but for this geopolitical conflict...”

She added that commodity price shocks could create second-order effects across sectors.

Oil shock manageable, not structural disruption

On rising crude prices amid [geopolitical tensions](#), Mehra said the situation is not unprecedented and can be absorbed over time.

“We have lived with \$100 oil almost two decades ago... it is not something unprecedented or something we cannot navigate.”

However, she acknowledged that India being an oil importer will feel macro and corporate-level impact depending on duration of price pressures.

“It might settle down somewhere in the middle but I do not think it is like an absolute disaster.”

IT sector: not dead, but evolving cautiously

On the [IT services sector](#), Mehra pushed back against extreme bearish narratives, noting that the industry has repeatedly adapted through structural shifts.

“The obituary of the IT services industry in India has been written many-many times.”

She highlighted AI-related risks but stressed execution uncertainty and the continued need for human intermediation in enterprise systems.

“No CTO is going to hand over the keys of the kingdom to an AI product company.”

At the same time, she acknowledged a key macro risk lies in employment generation rather than corporate profitability alone.

“If the employment part slows down, that is more of a question mark for the economy as a whole.”

Valuations still not compelling enough for aggressive positioning

Despite some cooling in valuations, Mehra said the sector does not yet warrant a large overweight stance. “We are close to market weight, but it is still not at a stage where I can say that I want to make a big bet on it.”

She concluded that any meaningful business upcycle may take time to play out.

“The business itself will take time but I am saying that it will appear, it may not be exactly next month.”