

'Nifty valuations are reasonable'



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What is your take on the country's economic prospects?

India is poised for solid growth over the next couple of years. The growth is coming on a very low base. Second, there are many projects which have been awarded but the delivery or execution hasn't been there. These will pick up over the next

couple of quarters. You have a declining inflation scenario, falling interest rates and low oil prices. All these will transform into a major consumption story for India.

The market is highly optimistic on corporate earnings growth. Do you share that?

The consensus estimates is high double-digit growth in earnings (for this financial year). Profits in

the past few years have been depressed and to that extent, a sharp bounce-back is possible. So, even if the recovery is back-ended, I think the market will take that into its stride and start looking at 2016-17.

How do valuations look?

The market had this feeling of disappointment. A major concern was that things were not moving on the ground. At this point of time, the Nifty valua-

tions are reasonable, not over-valued if one considers India's medium and long-term growth story.

Which sectors look the most attractive?

We are quite positive on banks. They are a strong play on consumption and on financial savings. We are expecting an increase in financial savings. We also like automobiles, a play on a falling interest rate,

improved consumer sentiment and low oil prices. We are positive on the (information) technology sector, given recovery in the US.

On which sectors do you remain underweight?

We are positive but underweight on the consumer sector, given the valuations. Not so positive on real estate. We are underweight on telecom, given the competition scenario and high (spectrum) auction prices.

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