

We are continuously on lookout for stock-specific opportunities

With the Reserve Bank of India hinting at an early exit from the soft money policy, there are chances of liquidity getting sucked out. But HDFC Standard Life Insurance chief investment officer **Prasun Gajri** is not much concerned about a possible tightening of liquidity. Excerpts from an interview with **Smeha Shah**:

▮ **The market had gone up considerably, almost breaching the 17,000 mark in September-October. Is there any valuation concern?**

Nobody is saying the market is very cheap at the moment. The fact is that liquidity has been the key driver of the market and there are stocks, which have gone beyond comfortable valuations. However, I believe that there are stock-specific opportunities available.

▮ **What can the 1,000-point correction in market that happened last week be attributed to?**

We do not want to analyse short-term movements. When the market moves up quickly, a correction can always be expected. We are comfortable with the market right now. Corporate earnings have been more or less on expected lines with no major negative surprises. Opportunities continue to be there in the market and we are continuously on the lookout for them.

▮ **Which are the sectors that look attractive at this point of time?**

I don't want to get down to stock-specific details, but I believe there are opportunities in virtually every sector. There are stocks in most sectors, which look attractive, and that is the case even in sectors where the consensus view is negative. The area we have avoided so

far has been real estate as we have not been comfortable with the sector so far. But if certain stocks in the sector look promising, we will explore investing in them.

▮ **Did you participate in any of the recent qualified institutional placements (QIPs)?**

No, we haven't. We did not have a specific requirement for investing in QIE. But having said that, it does not mean it's a strategy to keep away from QIPs. If we get some stocks through QIP that we wanted to invest in, we will go ahead. There is no reason to participate just because it (stock) is available.

▮ **Initial Public Offering (IPOs) are finding favour with the market again. Are you excited about participating in them?**

We did participate in a few IPOs that came in the recent past. Though I will not be able to give you the names and other details, we will continue to explore opportunities that come to us and will not shy away from investing in public offerings.

▮ **Cost cutting and not real growth in sales primarily drove results of most companies in Q2. Does that worry you as an investor?**

That's too sweeping a statement to make. While lower costs have

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Prasun Gajri
Chief investment officer,
HDFC Standard Life Insurance

helped, there are sectors and companies where the volume growth too has been impressive. I do agree that there is still some time before the pricing power comes back fully.



From our perspective what is important is that earnings continue to keep pace with valuations and we are optimistic that earnings will not disappoint over the next

few quarters.

▮ **With the central bank talking about policy tightening, there is a risk that the FII money and liquid-**

ity will be sucked out, taking the market down. Your comments.

If FIIs go out in two months, they may come back in three months and that is not something that is worrying me. The question that we need to answer is does India offer an investment opportunity and the answer is yes.

As far as the RBI exit policy is concerned, no one is clear as to when it will happen. It might take six months or 12 months. And if RBI is tightening the policy, it does not mean the US is tightening or Europe is tightening. As long as India is an attractive investment destination, there will be inflows, although there can be short-term aberrations. In fact, if RBI tightens the policy and if interest rates move up, there may be increased liquidity flow. Given our longer-term view, we are not too concerned about the short-term fluctuations in liquidity.

▮ **How much are you invested at present?**

In main equity funds, we are trying to be invested as much as we can, as much as 95 per cent. We have invested around Rs 16,500 crore in all, out of which Rs 9,500 crore is in equity while the rest is in fixed income and other secured products.

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