

# If market falls 10% more, it'll be a great buying opportunity: RCap's Madhu Kela

BY PRASHANT NAIR &  
ANUJ SINGHAL  
CNBC-TV18

**R**eliance Capital's chief investment strategist, Madhusudan Kela, believes that if the market declines 10% from its peak to a level of around 8000, it would be a big buying opportunity.

A correction will likely be time-based rather than price-based, he said.

On the Deutsche Bank contagion risk, Kela said he was not overly worried because of the ample liquidity. Kela said the US Federal Reserve is likely to raise interest rates only after the presidential elections and that while global markets are factoring in a Hillary Clinton win, one can never predict.

Kela said he likes pharma, bank and liquor stocks, but is also upbeat on select real estate companies, especially the ones with real value and where the net asset value is higher than the stock price. Among midcaps, Kela said, it would be difficult to find companies with good valuations from a one-year perspective but if one were to take a longer-term view of 3-5 years, there are still ideas to look at.

Edited excerpts from an interview:

**What do you make of the market at this point? How do you see it?**

I don't think it is lot of nervousness. We have to see things in the context that you had a

fantastic six months from February; non-stop from 6,800 we went to 9,000 and we corrected by 300-400 points.

I think some amount of that correction was due; the market was looking for a reason. Because you cannot just have a market which keeps going up and the kind of party, if I may use the word, we saw in lot of mid-cap companies I think it was evident and market needed an excuse, so we have corrected 3-4%.

**There are some signs like so many IPOs, so many QIPs, basically insider selling. Is that a bit of a risk and especially that taking away bit of liquidity, we just had the largest listing and we saw how that was a bit under the water in the sense that the listing was not good.**

I think the point is that after you have had such a fantastic run and let us not go only by the index rise, you know what has happened in a lot of companies.

I would not say that if the market consolidates at this level for some time, we have to give it sometime.

So, it need not be a big price correction, it may be a time correction.

I would not say that let us say 9,000-9,100 and 8,300-8,400 that kind of a range, if market spends one to four months, I would not be surprised to see that.

Two things can cause it to go very negative: one is that if this

whole India-Pakistan thing really escalates and you have some kind of real big retaliation and then we retaliate and a war-like situation happens, then we will have to review it as and when it happens.

Second is something which is globally something really goes wrong.

One big event is if Donald Trump comes as the US President; that is a big event for whole global market, not only for Indian market.

Will that cause a lot of volatility? I think it will cause a lot of volatility.

So, from a perspective, after such a big gain, it is not a bad thing for the market to consolidate time wise and a little bit price wise.

## INTERVIEW

**Volatility aside, even on Brexit day we had a lot of volatility but that turned out to be a great buying opportunity. So, are you saying that any correction led by these global factors would still be a great buying opportunity?**

I would say if the market falls, let us say another 10% from here, it will be a great buying opportunity because then you would have factored in 2017-2018 earnings and then you would have spent, let us say, another few weeks.

I am not saying the market will fall 10% but if it did for any reason and if that reason is not something which is going to last for a long period of time, then I would say it will be a great opportunity.