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# How High Can the Sensex Go?

By Nupur Acharya

India's benchmark Sensex index has been hitting new highs on a regular basis for months and still looks like it will continue to scale new heights.

The 30-share S&P BSE Sensex touched a fresh mid-day high of 28027.96 points Monday and will likely climb further, analysts and investors said, as ample global liquidity, brighter growth prospects and improving investor sentiment bolster interest in Indian stocks for the next one to two years.

Any dips in the market will be used by bargain hunters who want to join the rally, said Gokul Raj, head of investments with Delhi-headquartered HBJ Capital Ltd.

"Every correction is being bought in a big way," said Deena Mehta, managing director with [Asit C. Mehta Investment Intermediates](#) Ltd.

Ms. Mehta predicts the Sensex could rise another 50% in the next 18 to 24 months.

Indian industry has struggled in recent years as a mix of problems including high inflation and a slow pace of government reforms have hurt investor and consumer confidence.

Business leaders and investors are now hoping that Prime Minister Narendra Modi will be able to use the rare majority his party won in national elections this spring to push through the tough policy decisions and spending needed to revitalize the economy.

While some are worried that Indian company shares are looking expensive relative to earnings, optimists say that profits are poised to jump and make India look more affordable.

"Capacity utilization of companies is at a multi-year low and there is still a lot of latent demand," said Vikas Gupta, an executive vice president at Arth Veda Funds Management Pvt. "India is likely to be the market in the emerging markets group."

If the global economy does not run into another major crisis, Arth Veda expects the Sensex to soar as high as 75000 in the next five years.

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