

With government-run banks behaving like cooperative banks and nursing such NPAs, one could probably see some more banks going in for forced mergers at the insistence of the RBI.

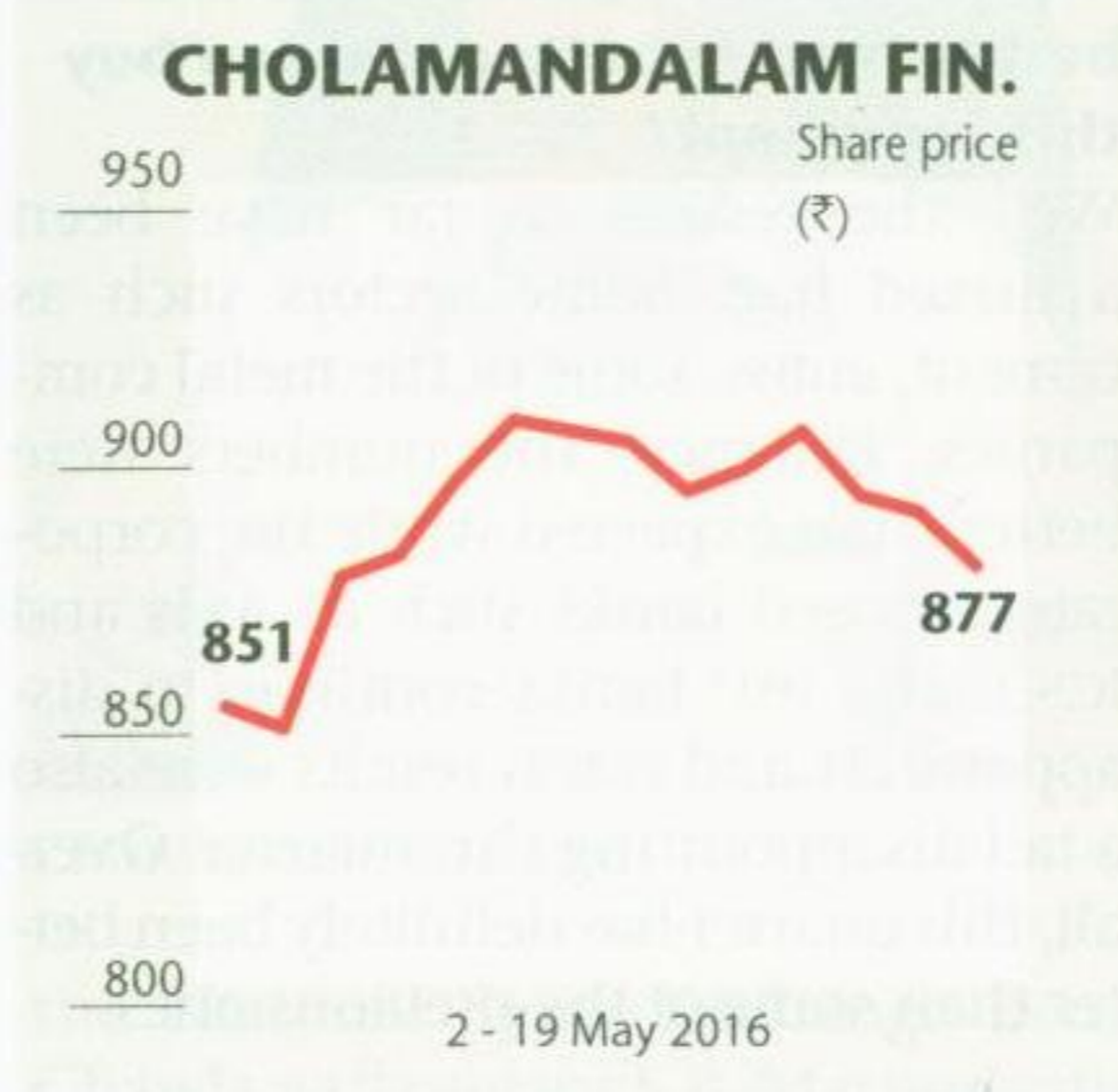
Bank stocks are the prime drivers in the benchmark indices and without growth in this sector any significant movement in the SENSEX is unlikely. However more and more investors have started looking beyond the index and zeroing in on stocks in the midcap and small cap sectors.

NBFCs doing well

At a time when banks are nursing huge NPAs, non-banking finance companies (NBFCs) are doing a pretty good job. Cholamandalam Investment's profit has gone up to ₹568 crore in FY16 from ₹435 crore. In the last five years its profit after tax (PAT) has more than tripled. Sundaram Finance, another NBFC, is also going strong, having virtually doubled in the last 2 years.

Cement is one sector which is on a virtual roll. OCL (market cap ₹3,453 crore), a subsidiary of Dalmia Cement saw its profit for FY16 double to ₹234 crore. Its EPS on the face value of ₹2 shares zoomed to ₹41.12. The share price moved up by nearly ₹70 to ₹600 soon after the announcement. A month ago the shares were traded at ₹485. ACC, a pan-India cement company, recorded a marginally lower profit in its first quarter of FY17 (it follows a January-December financial year).

Of course there are good opportunities even in the large cap sector. Asian Paints (market cap ₹92,035



crore) which recently announced its performance for FY16, reported a 24 per cent growth in PAT on a 10 per cent rise in top line. This was helped by the lower price of crude. The company, which is largely in the decorative paint segment, has been growing from strength to strength. Berger Paints, its competitor, was also attracting attention from investors. The company had hived off its automobile paints division to one of the associate companies in the group.

Amongst the bulk deals, Castrol UK sold off 2.84 lakh shares to Government of Singapore and Citi group Global Markets Mauritius.

JK Paper also saw a fair amount of buying interest on the company making a good turnaround. Returning to the dividend list after a hiatus of three years, the company is planning to have an EGM to raise \$25 million through the FCCB route. West Coast Papers and Tamil Nadu Newsprint & Papers Ltd were the other companies which were being watched.

The latter, the biggest in the industry, will be declaring its results on 27 May. There are quite a few companies whose results will be declared before the end of this month. Oil refineries including Indian Oil, BPCL and HPCL which are announcing their results on 26 and 27 May will be worth watching. SBI will also be declaring its results on 27 May.

In the coming fortnight the two events which will shape the immediate trend are the run-up to the US Fed meeting scheduled in mid-June and the progress of the monsoon. If the rains do not play truant and hit Kerala on course in the first week of June, one can expect a relief rally to take place. On the global front the other big event, the UK Referendum on whether to exit the EU (Brexit) scheduled for 23 June, will also play a big role in the markets.

Monsoon will of course be the biggest factor to determine future trend.

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