

Realty, consumer, pharma outshine markets

BSE realty index, largest gainer among the sectoral indices, surged 17% in the past month

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Real estate, infrastructure, banking, consumer durables, and pharmaceutical stocks outperformed markets during the BSE Sensex's 2,000-point rally in the past month.

The BSE realty index, the largest gainer among the sectoral indices, surged 17 per cent in the past month. The index gained six per cent after the central bank slashed the repo rate by 50 basis points (bps) to 6.75 per cent on September 29. (Repo rate is the rate at which the central bank lends money to commercial banks in the event of any shortfall of funds.)

The power and banking indices rallied 12 and 11 per cent, respectively. Consumer durables and health-care indices gained 10 per cent each.

The Sensex rallied 8.6 per cent from its recent low of 24,894 on September 7. The Nifty gained 619 points, or 8.2 per cent, to 8,177 from 7,559 in the past month. The BSE

MAJOR GAINERS FROM BSE500 INDEX (Price in ₹)

Stock	Sep 7	Oct 7	% chg
HMT	35.35	59.50	68.3
HCL Infosystems	32.04	51.75	61.5
Ricoh India	591.25	922.75	56.1
Take Solutions	104.80	161.55	54.2
Dishman Pharma	244.50	371.15	51.8
IDBI Bank	53.95	80.05	48.4
Jaiprakash Associates	8.84	12.79	44.7
Suven Life Sciences	202.90	291.70	43.8
Force Motors	1,967.35	2,824.50	43.6
Granules India	110.55	153.75	39.1

Data compiled by BS Research



mid-cap and small-cap indices moved nine per cent each.

The repo rate cut, and fading hopes of the US interest rates rising this year, fuelled markets, say analysts.

JSW Energy, Reliance Power, and Adani Power from the power sector; Wockhardt, Jubilant Life Sciences, FDC, and Marksans Pharma from the health-care sector; and NCC, Housing Development and Infrastructure, Gayatri Projects, and Hindustan

Construction Company from realty and infra stocks, rose more than 25 per cent each.

Analysts remain concerned about the near-term prospects of the banking sector, given the asset quality issues and weak credit growth.

Ankit Ladhani, Karvy analyst, says the banking sector is set for another year of slow-down in FY16, but FY17 looks promising. With economic revival and interest-rate stabilisation, he expects earn-

ings of banks to improve.

Rajeev Varma and Veekesh Gandhi, Bank of America-Merrill Lynch, peg the banking sector's net profit growth at 19.8 per cent year-on-year (y-o-y) in the quarter ended September - 20.1 per cent growth in private banks' net profits and 19.6 per cent growth in public sector banks' net profits.

They said, "Public sector banks are likely to report weak revenue growth of four per cent, mainly on account

of slower loan growth. But, private banks are expected to report strong revenue growth of 22 per cent, mainly owing to better loan growth, due to higher share of retail loans (40 per cent). Overall, the banking sector's revenue growth is expected at 11 per cent."

Gaurang Kakkad, Religare Institutional Research, remains positive on the consumer sector, given a likely volume recovery and margin gains from commodity costs. He maintains a buy rating on Hindustan Unilever Limited, Asian Paints, Dabur India, Britannia, Colgate-Palmolive (India), Bata, and Jubilant FoodWorks. He maintains a sell rating on Nestlé India.

In realty, Godrej Properties, Mahindra Lifespaces, Sobha Developers, Prestige Estates, and Oberoi Realty, are among Gaurang Shah's top picks. Shah is the vice-president of Geojit BNP Paribas Financial Services. He sees a 15 to 20 per cent upside for these stocks over the next year, aided by the government's policy initiatives.