

TALKS seen as soft indicators of interest, though there's no correlation with stock's rise: analysts

If Co Meets are Any Hint, FIs Still Keen on Mid- and Small-Cap Stars

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Mumbai: Institutional investors seem to be combing through a bunch of mid- and small-cap companies to pick the next winner, amid concerns that many of such stocks may have become overheated with steep gains in the past year.

Of the 15 companies that saw the most number of meetings with institutional investors in the past one month, 10 were mid- or small-caps. Such meetings are probably a soft indicator of investor interest in the stocks and, on many occasions in the past, institutional holdings have risen after the meetings.

Astral Pipes, the CPVC piping segment leader, is at the top of the list with 78 investors, including almost all the domestic mutual funds and insurance companies, meeting its management last month. Though the stock price has moved 5% in the last month, fund managers say a pickup in housing sales and construction activities will augment growth in its pipes and adhesives business.

As many as 76 institutional investors met the managements of Persis-

tent Systems and RBL Bank in the last four weeks.

Those who met Persistent included Mathews Asia, Royce Investment, Brooke Asset Management, Abakkus Investment and Fidelity International. The stock has risen 14% in the last one month and 42% in three months. In fact, it has given a consistent positive return every month this calendar. The company has won several large digital engine-

Talking Investments

Stock	No of Meetings	LTP (₹)	1M return (₹)	3M Return (%)
Astral	78	2,135.6	4.90	10.38
Persistent Systems	76	3,586.5	14.79	42.31
RBL Bank	76	172.3	-2.21	-21.08
ISGEC Heavy Engin	60	728.9	0.89	19.93
GMM Pfaudler	58	4,421.9	0.09	-6.60
Max Financial Serv	58	1,094.9	1.51	7.67
TCI Express	54	1,506.9	7.57	-3.16
Tata Power Co	54	131.1	-1.13	4.26
Dixon Technologies	53	4,306.8	2.19	2.80

SOURCE: Primeinfobase.com

ering and enterprise modernisation deals this year. Additionally, it has also acquired Sureline Systems to bolster its cloud capabilities.

RBL recently guided for a change in business strategy, with an increasing focus on home loans and other secured assets, as well as credit cards. It would de-risk the loan book by pruning the unsecured portfolio mix.

About 60 institutional investors met ISGEC Heavy Engineering. Analysts

expect the company's strong order intake, positive order inflow outlook, improving execution and rising operating cash flows to aid in healthy earnings growth. The company is currently trading at 17 times its FY23 estimated earnings, which analysts believe does not fully capture the turnaround in the business.

GMM Pfaudler, Max Financial Services, TCI Express, Tata Power, Dixon Technologies and VRL Logistics were the others that saw a large number of institutional investors meeting their management. Of these 10 mid- and small-cap companies, seven underperformed the Nifty index, which gained nearly 5% in the past month.

Though some institutions might have invested after the meetings, it is not so in many cases, market participants said. "A meeting need not translate into an investment, and it needs to be noted that there is no correlation between the number of investors who have visited the company and its share price," said G Chokkalingam, CEO of Equinomics Research & Advisory. "But it would be interesting to watch the sudden increase of meetings in those companies with little or no institutional holding."