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# Seeking alpha: Where does Shankar Sharma see value in this market?

BY RAHUL OBEROI, ETMARKETS.COM | UPDATED: MAY 22, 2018, 01:47 PM IST

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Investors face an age-old dilemma -- which stocks to pick and which ones to avoid.

Ace investor [Shankar Sharma](#) has a ready reckoner that should help.

Here goes the first gem. Investors must be open-minded all the time while investing in markets, says Sharma. The market veteran continued to maintain that smallcap stocks look great with 3-4 years of horizon.

Mid and smallcap stocks have underperformed largecaps this year. BSE Midcap and Smallcap indices slipped 12 per cent each on a year-to-date basis. The benchmark BSE Sensex gained nearly 2.38 per cent so far this year.

In a chat with Nikunj Dalmia of ET Now, Sharma termed Jindal Steel and Power and Lupin as great turnaround stories, saying it's also great time to zero in on infrastructure companies.

Rating agency Crisil has upgraded private steel maker Jindal Steel's and Power credit ratings with stable outlook. "The credit rating upgrade by Crisil comes soon after similar upgrades by CARE and ICRA," JSPL said in a statement.

The company turned the corner in the fourth quarter and swung to profit on a standalone basis after 13 quarters. It reported a net profit of Rs 145 crore in Q4 FY18 against a loss of Rs 74 crore in October-December and loss of Rs 116 crore last year.

Drug major Lupin has reported a consolidated net loss of Rs 783.54 crore for the March quarter, hit by one-time impairment charge on the Gavis acquisition. The company, which had reported a net profit of Rs 380.21 crore for the same period last year, said the results were also impacted by other liabilities related to the US operations.

Sharma sees traction building for road companies. [Shares](#) of road players, including Dilip Buildcon, Ashoka Buildcon and KNR Construction, have rallied 140 per cent, 22 per cent and 42 per cent, respectively, during the past one year.

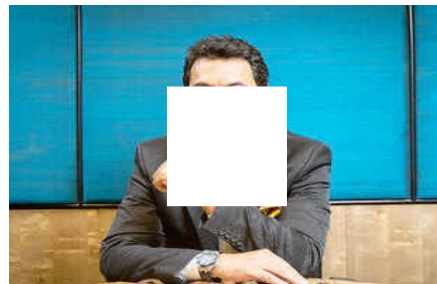
Auto, according to Sharma, is another promising sector as [India](#) is highly under-penetrated in two-wheeler and more under-penetrated in four-wheeler space.

[Bajaj Auto](#) remains his favourite. The two-wheeler major recently said its consolidated net profit increased 36.32 per cent to Rs 1,175.47 crore for the March quarter, driven by robust sales across segments. It had posted a net profit of Rs 862.25 crore during January-March of 2016-17.

The renowned investor has not committed large investments in recent months, trying to figure out the management. "I always remain flexible in markets and not become hardened in my approach," he stated.

"There is nothing in this world which is more relaxing than managing your own money because all the pressures are internal and one

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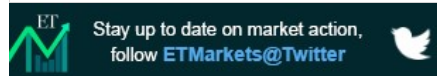
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can live life on your own terms. And investing gives you that," Sharma said further.

On the earnings trajectory, Sharma felt that growth is patchy but some sectors have stood out. He called on investors to go for companies that have no debt and fallen 20-30 per cent in correction. Earnings outlook of the company should be intact with good promoters' background, he advised further.

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