

Tata Group cos underperform Nifty by a wide margin...

... as investors wait for Chairman's big action on improving trouble spots

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Tata group companies have underperformed the Nifty 50 by a wide margin since N Chandrasekaran took over as Chairman of Tata Sons on February 21.

While the Nifty 50 gained 8 per cent, the market capitalisation of Tata group companies has risen by only 4 per cent in the said period. Even if one considers the announcement of Chandra's appointment as chairman in January, the rise in market value of companies at 8 per cent has lagged the Nifty's return of 14 per cent.

100 days not enough

Market analysts, however, said 100 days may be too short a time to affect changes that result in strategic outcomes. "There is expectation that companies will become far more capital efficient. Except Tata Consultancy Services, return ratios of other big companies are not so

Gainers & losers

Company	Market-cap (₹ cr)	% change
Leaders		
Tata Metaliks	1,694.30	46.34
Oriental Hotels	695.64	39.11
Voltas	16,034.67	33.57
Tata Sponge	1,292.68	31.44
TRF	255.81	22.40
Laggards		
Tata Elxsi	4,153.30	-10.89
Tata Communications	20,103.90	-6.02
Automotive Stampings	103.09	-3.99
Tata Power	21,949.24	-3.68
Rallis India	4,601.13	-2.13
Total — Group	8,91,395.00	7.60
Nifty		14.2

Note: Return is calculated since the announcement on February 21; Total group consists of 24 listed Tata companies

great. We like Tata Motors among Tata group companies," said the head of research of a brokerage firm run by one of top Indian private banks.

The under-performance comes despite Tata Sons' plans to increase stakes in group companies. However, a fund manager of one of the top 10 mutual funds welcomes this decision being a minority shareholder. "Strategy of the promoter increasing shareholding in the companies instil confidence," he said. In March, the group announced that it will invest ₹10,000 crore in various group companies.

The under-performance should also be looked at in the context of Indian markets touching new highs backed by money flows and improved outlook. The Nifty 50 on Tuesday touched its lifetime high of 9,637.75. Among the large companies, Voltas has been the star performer with 34 per cent jump in market capitalisation since February 21 thanks to superior financial performance and robust business outlook. On the other hand, Tata Communications has been a drag on the group's value with a 6 per cent drop in market capitalisation.