

INDUSWEALTH

Happy 11th anniversary Vikatan.....

As this article goes to press Vikatan magazine would have completed 11 years of publication. We will also be at the end of 2015, a very tumultuous year in terms of the stock market – where daily fluctuation of over 1% was not uncommon.

This is also a time to take a step back and try to put things in perspective. India is a country with 120 crore population of which 1% i.e., 1.2 crore people are coming into the job market every year. This translates to 10 lakh youngsters seeking jobs every month. This creates a unique opportunity/ challenge for the country.

As a democracy we are maturing into a country with a lot of aspiration for growth and prosperity. Common theme for all governments both at state and centre has now become working towards good governance and creating opportunities. Key for all the governments lies in execution of the promises and moving on a progressive path. Effective execution and delivery by governments and business is not optional any more. On the positive side this kind of growth is not unprecedented. In 2000, India's GDP was 0.5 trillion and now it is 2.3 trillion. In the same time frame China went from 1.2 trillion GDP to 11 trillion.

India's demography, aspirations of the people will be factors that will try and drive the nation towards development. There are going to be hurdles and setbacks but we believe that the direction will be north bound.

For the economy to grow, industry has to do well and market capitalization tends to grow with the GDP. Investors with a long term horizon may want to take this into perspective while investing.

Over the last 11 years when Vikatan started publishing – Nifty went from 2000 to 8000. This is a 13.5% annualized return. Total returns will be over 14% (if we include the dividends). This is a phenomenal growth and the gains would be tax free for the long term investors.

On the occasion of the 11 anniversary edition of Vikatan – we are presenting our top 11 picks for investors with long term horizon (over 3 years) to consider for 2016.

- **Based on our analysis we believe that the following stocks can be considered for investing with a long term perspective**

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Sector	Companies	Rationale
Manufacturing	Lloyd Electric	We believe that firms like Lloyd electric will benefit both from the consumer demand as well as the uptake in the Industry.
	Apollo Tyres	We believe Apollo tyres has made the right investments (by building plants in Hungary that will cater to Europe and American markets). The current lacunae in the tariffs of rubber and tyres imports creates an interesting opportunity to invest in this sector at attractive valuation.
Services	Vakrangee	In the services sector, firms like Vakrangee that are providing unique services are well poised to prosper.
	Hindustan Media	Media and entertainment services can be expected to do well and firm like Hindustan media ventures with low debt, good margins is available at an attractive valuation.
Agriculture and Farming	KRBL	We expect firms like KRBL to do well with an increasing demand from the domestic consumers while their export markets continue to be robust.
	Paushak	Firms supporting the Agri sector with pesticides etc. are also expected to have a good year. Paushak being part of the Alembic group is well poised and provides an attractive investment opportunity.
	Avanti Feeds	Firms that produce feeds like Avanti and KSE can be expected to do well as the demand for their produce continues to increase.
	KSE	
Textiles	Premco Global	In the textile sector we like Premco global with has impressive list of clients and has been ratcheting up good sales and profit numbers of the last few years.
Pharma	Glenmark Pharma.	We believe that Pharma sector will continue to do well and we think Glenmark Pharma has a good opportunity to outperform the segment.
Power	Torrent Power	India has huge demand for Power and firms that are able to provide this effectively and efficiently can be expected to do very well. We believe that Torrent power with its management and investments can outperform the segment.

- We suggest investing in a diversified portfolio of stocks.
- People who do not have the appetite to invest in direct equities can consider investing in Index funds. We suggest investing 70% of funds in NIFTY and 30% in Bank NIFTY.

We suggest to the readers that equities should constitute at least 20% of their total wealth. If people have less than 20% exposure they can build this by buying equities regularly over 18 to 36 months.

Investing is a journey, selecting the right investment products, having discipline and patience are key to investment success. Also people who do not have an appetite to absorb a 10% to 15% downside should desist from investing in equities.

IndusWealth congratulates Vikatan on pioneering and continuing the good work to inform and educate their readers and wish them all the best. We wish all the readers of Vikatan a very happy new year and happy investing!!

Disclosure: Author and the clients of IndusWealth own some or all the stocks discussed in this article and may purchase them for their own portfolios.

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