

Our Top 10 picks for 3 years:

Company Name	Recommended Price (₹) 17th June,15	CMP (₹) As on 18th Nov,15	Return % till date	Target Price (₹)	Potential Upside (%)
Kitex Garments Ltd.	914	697	(24)%	1,705	87%
Tata Elxsi Ltd.	1,117	1,742	56%	2,167	94%
Kovai Medical Center & Hospital Ltd	560	851	52%	1,118	100%
Eicher Motors Ltd.	19,297	15,875	(18)%	36,957	92%
Wabco India Ltd.	5,406	6,400	18%	10,474	94%
Repro India Ltd.	452	416	(8)%	926	105%
Kajaria Ceramics Ltd.	760	852	12%	1,330	75%
BASF India Ltd.	1,091	899	(18)%	2,079	91%
Gulf Oil Lubricants India Ltd.	442	468	6%	802	82%
United Spirits Ltd.	3,465	3,510	1%	6,854	98%
Average Return			7.9%		
Nifty Return	26,832	25,482	(5.0)%		
Sensex Return	8,091	7,732	(4.4)%		

Some of our top picks have corrected from the recommended price, but still we like these companies as their long term growth story is still intact and We still recommend to hold them.

Our Top 10 Value Picks - Q2FY16 Result Update

19 November, 2015

1. Kitex Garments Ltd.

₹ in mn	Q2FY16	Q2FY15	Y-o-Y%	Comments
Net Sales	1,342	1,282	4.7%	<ul style="list-style-type: none"> Plans to list the unlisted entity first and then will merge with Kitex Garments Ltd. Will repay the debt in Q3FY16E by redeeming the dollar denominated investments. Maintains FY16E sales growth of 10%-15%.
EBITDA	451	337	33.8%	
<i>EBITDA Margin %</i>	33.6%	26.3%	732 bps	
PAT	276	194	42.3%	

2. Tata Elxsi Ltd.

₹ in mn	Q2FY16	Q2FY15	Y-o-Y%	Comments
Net Sales	2637	2059	28%	<ul style="list-style-type: none"> Embedded Product Design continues to post robust growth on account of strong traction in automotive and broadcast segments. Participated in International Broadcasting Centre Conference in Amsterdam and showcased latest innovations Panacea.
EBITDA	613	419	46.3%	
<i>EBITDA Margin %</i>	23.2%	20.3%	290 bps	
PAT	381	237	60.8%	

3. Kovai Medical Center & Hospital Ltd

₹ in mn	Q2FY16	Q2FY15	Y-o-Y%	Comments
Net Sales	1164	987	17.90%	<ul style="list-style-type: none"> Margins down due to rise in employee expenses and other expenses. Debt to Equity reduced to 0.75 in Q2FY16 versus 0.96 in FY15. Interest coverage improved to 4.5 in Q2FY16 versus 3.5 Y-o-Y.
EBITDA	239	235	1.70%	
<i>EBITDA Margin %</i>	20.50%	23.80%	(330)bps	
PAT	107	91	17.60%	

4. Eicher Motors Ltd.

₹ in mn	Q2FY16	Q2FY15	Y-o-Y%	Comments
Net Sales	31,225	22,749	37.3%	<ul style="list-style-type: none"> Phase 2 of the oragadam plant for RE to be gradual. Peak production from two RE plants will be 60K units monthly
EBITDA	4,926	3,052	61.4%	
<i>EBITDA Margin %</i>	15.8%	13.4%	236 bps	
PAT	2,554	1,650	54.8%	

5. Wabco India Ltd.

₹ in mn	Q2FY16	Q2FY15	Y-o-Y%	Comments
Net Sales	4289	3230	32.8%	<ul style="list-style-type: none"> Mandatory ABS implementation for all trucks and buses from October 1, 2015 will boost revenues going forward. Margins declined due to rise in RM to sales ratio.
EBITDA	651	507	28.4%	
<i>EBITDA Margin %</i>	15.2%	15.7%	(52)bps	
PAT	483	313	54.3%	

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6. Repro India Ltd.

₹ in mn	Q2FY16	Q2FY15	Y-o-Y%	Comments
Net Sales	959	940	2%	<ul style="list-style-type: none"> Tieups with US based \$2 bn Ingram Group. Debtors increased due to growth in exports but they are secured long term credits. RAPPLES and E-Tail expenses worth ₹42 mn have been incurred in P&L in Q2FY16. Interest costs double Y-o-Y.
EBITDA	92	119	(22.7)%	
EBITDA Margin %	9.6%	12.7%	(307)bps	
PAT	5	56	(91.1)%	

7. Kajaria Ceramics Ltd.

₹ in mn	Q2FY16	Q2FY15	Y-o-Y%	Comments
Net Sales	6,104	5,400	13.0%	<ul style="list-style-type: none"> Volume growth of 12% in Q2FY16. Sold ₹110 mn worth sanitaryware and ₹50 mn worth faucet in Q2FY16. 6.5 MSM polished vitrified tiles to come on stream from Q4FY16E.
EBITDA	1,194	820	45.6%	
EBITDA Margin %	19.6%	15.2%	432 bps	
PAT	587	397	47.9%	

8. BASF India Ltd.

₹ in mn	Q2FY16	Q2FY15	Y-o-Y%	Comments
Net Sales	11,182	12,083	(7.5)%	<ul style="list-style-type: none"> Increase in Inventory by ₹1430 mn lead to operating level loss. Capitalisation of dahej plant has lead to increase in depreciation, interest costs and other expenses Agricultural Solutions sales dipped 61% Y-o-Y which lead to incremental losses.
EBITDA	(303)	393	(177.1)%	
EBITDA Margin %	(2.7)%	3.3%	(596)bps	
PAT	(590)	(214)	175.7%	

9. Gulf Oil Lubricants India Ltd.

₹ in mn	Q2FY16	Q2FY15	Y-o-Y%	Comments
Net Sales	2,488	2,390	4.1%	<ul style="list-style-type: none"> Strong volume growth of 6% in the quarter. Drop in crude prices lead to margin improvement by 200 bps Balance sheet strengthened from ₹ 340 mn net debt at start of FY16E to surplus of ₹ 150 mn at the end of Q2FY16.
EBITDA	386	321	20.2%	
EBITDA Margin %	15.5%	13.4%	208 bps	
PAT	237	195	21.5%	

10. United Spirits Ltd.

₹ in mn	Q2FY16	Q2FY15	Y-o-Y%	Comments
Net Sales	21,450	20,300	6%	<ul style="list-style-type: none"> Net Debt reduced by ₹ 13.2 bn due to UBL share divestment Direct sales of Diageo brands added ₹ 1.4 bn in Q2FY16 Strong volume growth of 7% for prestige and above segment.
EBITDA	3,170	2,330	36.1%	
EBITDA Margin %	14.8%	11.5%	330bps	
PAT	9,280	(260)		

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NOTES

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