

How past portfolios have fared

While the most wanted stocks of 2014 and 2015 have done well, the recent picks have disappointed.

The stocks from the 2014 and 2015 list have fared remarkably well. Both the portfolios have massively outperformed benchmark indices. Atul and Vinati Organics, featured in the 2014 portfolio, have been standout performers. While returns from Shriram Transport Finance and KPIT Technologies have been moderate, the aggregate return from the 2014 portfolio has been dragged down by two stocks—Gateway Distriparks and McLeod Russel. The former has been under pressure owing to lacklustre operating performance amid muted container volumes. McLeod Russel has been selling off its tea estates across states in a bid to pare down its debt, which will also bring down its total production capacity.

From the 2015 list, Finolex Cables, Bajaj Finserv and Coromandel International have delivered stellar returns while Axis Bank and Apollo Tyres have seen tepid gains. Redington India has not performed as per expectations with its mobility business showing weakness.

Stocks from the 2016 list have also shown mixed results: Exide Industries and Voltas have seen healthy appreciation while Finolex Industries, Cholamandalam Finance and Schaeffler India have clocked single digit returns. CARE and PI Industries have disappointed. The weak credit growth on the back of slowdown in private sector capex has hurt CARE's revenue. PI Industries has witnessed some margin pressures and weakness in global agri-chem market has hurt its custom synthesis and manufacturing business. However, analysts remain positive on the stock due to its robust order book and strong product pipeline.

Last year's portfolio has taken a hit amid the overall market downturn. Dewan Housing Finance and Repco Home Finance have been caught in the eye of the storm around NBFCs. Both banks and mutual funds have turned cautious on lending to NBFCs in this environment, making it difficult for them to roll-over their existing short-term borrowings. Analysts expect housing finance companies to take some time to stabilise as liquidity conditions are likely to remain tight.

2014 Outperformed the market by a good margin

STOCKS	PRICE (₹)		RETURNS %
	27 OCT 2014	24 OCT 2018	
Atul	1,249	3,183	26.4
Finolex Industries	324	507	11.8
Vinati Organics	444	1,229	29.0
Exide Industries	156	254	12.9
Shriram Transport Finance	898	1,051	4.0
Gateway Distriparks	257	141	-13.9
KPIT Tech	166	208	5.9
McLeod Russel	250	131	-15.0
AVERAGE*			13.05
BSE500 TRI	11,459.8	16,006.6	8.7
SENSEX TRI	36,548.7	49,009.4	7.6
AVG DIVERSIFIED EQUITY FUND	NA	NA	9.1

2015 Delivered almost twice the benchmark returns

STOCKS	PRICE (₹)		RETURNS %
	2 NOV 2015	24 OCT 2018	
Finolex Cables	249	490	25.5
Bajaj Finserv	1,969	5,383	40.2
Yes Bank	154	204	9.9
Coromandel International	187	387	27.6
Apollo Tyres	170	205	6.5
Axis Bank	478	563	5.7
Redington India	115	80	-11.3
AVERAGE*			17.41
BSE500 TRI	12,108.9	16,006.6	9.8
SENSEX TRI	36,815.1	49,009.4	10.1
AVG DIVERSIFIED EQUITY FUND	NA	NA	8.6

2016 Two stocks dragged down overall performance

STOCKS	PRICE (₹)		RETURNS %
	7 NOV 2016	24 OCT 2018	
Exide Industries	193	254	14.8
Voltas	359	523	21.1
Cholamandalam Finance	1,124	1,183	2.7
PI Industries	850	720	-8.1
Finolex Industries	448	507	6.6
CARE	1,377	1,074	-11.9
Schaeffler India	4,330	4,800	5.4
AVERAGE*			3.51
BSE500 TRI	13,355.9	16,006.6	9.7
SENSEX TRI	38,643.3	49,009.4	12.9
AVG DIVERSIFIED EQUITY FUND	NA	NA	7.4

2017 Market fall, NBFC woes have hurt returns

STOCKS	PRICE (₹)		RETURNS %
	30 OCT 2017	24 OCT 2018	
Petronet LNG	262	213	-18.8
Power Grid Corp	213	191	-10.3
Aurobindo Pharma	768	734	-4.3
City Union Bank	145	172	18.7
Tata Chemicals	741	667	-10.0
Dewan Housing Finance	648	190	-70.7
Repco Home Finance	612	349	-43.0
AVERAGE*			-19.8
BSE500 TRI	16,884.2	16,006.6	-5
SENSEX TRI	47,361.2	49,009.4	3
AVG DIVERSIFIED EQUITY FUND	NA	NA	-7.6

All returns are annualised. *Average returns also include dividends. Data as on 24 Oct 2018.

Source: ETIG Database and Value Research