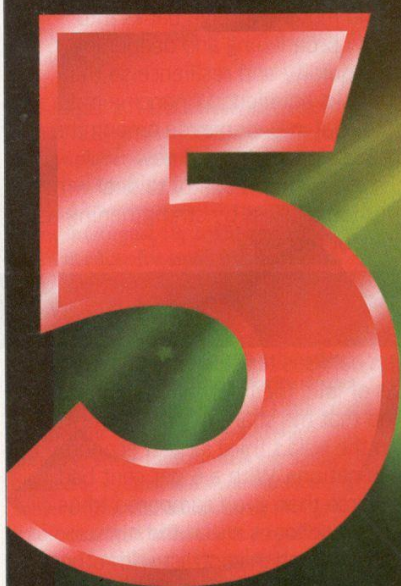


Cover Story

The Five Chosen Stocks Which May Help Your Money Grow Faster



Neerja Agarwal and Rashmi Wankhede team up to pick up these five growth stocks which can help your portfolio to get that much-needed boost.

India markets are embracing the oversold growth story as the reforms are hitting ground and corporates are seeing the rippling effects of the same. Leading economic indicator like Gross Domestic Product (GDP) came better than expected at 7.9 percent in March quarter and 7.6 percent for FY15-16, driven by the spurt in manufacturing (up 9.3 percent in 4Q16) and farm (up 2.3 percent in 4Q16). The core sector growth for month of

April hit 8.5 percent the highest in the last four years. In 4QFY16, the sectors which showed growth more than 8.5 percent were mining and quarrying (up 8.6%); electricity, gas, water supply and other utility services (up 9.3 percent); trade, hotels, transport and communication (up 9.9 percent) and financial, real estate and professional services (up 9.1 percent).

Per capita income at current prices during FY15-16 increased to ₹93,293 as compared to the first revised estimate for

the year 2014-15 of ₹86,879, darting up by 7.4 percent. This is positive for FMCG, construction, auto, consumer goods and travel sectors.

With the open ends of intent and actual growth tying up, we are comfortable assuming that we are residing on an island of growth surrounded by ocean of uncertainties on the global front. To single out and elaborate this word 'growth' we broached upon 'growth investing' as the topic for our reader-investors.

Kellton Tech solutions

BSE
CODE

519602

Face
Value

₹5

CMP

₹177.00

Market Cap
Free Float
(₹ Crore)

835

Kellton Tech solutions is providing services in digital transformation space which involves the use of digital technologies such as mobility, analytics, social media, and cloud computing. MarketsandMarkets believes, the digital transformation market is expected to grow at CAGR of 19.6% to \$369.22bn by 2020 over the next five years.

We see that Kelton is expecting to report more than 100% increase in FY16 revenue vs FY15 and is growing at above industry rate. To achieve this, company has been following inorganic growth model. The company has acquired ProSoft group to enhance capabilities in ERP-ERI space (Enterprise resource



	TTM	Jun-15	Jun-14	YoY (%)	CAGR 3Y (%)
Net sales	462.4	237.9	133.7	94	51
PBIDT	62.4	32.6	13.1	92	68
PAT	39.6	22.1	6.4	79	84
EPS	8.5	5.3	1.8	61	68
Equity	125.7	77.6	43.6	62	42

planning and Enterprise application integration) and Bokanyi consulting to provide edge in SAP area. Currently, enterprise applications and ISMAC (internet of things, Social, mobile, Analytics, cloud) business contribute 38% and 46% respectively to the topline. The company derives approximately 90% of its revenue from USA, by far the largest market by size and spending. It is working in onshore and offshore model with former contributing 86% of revenue and latter 6.3%; and rest is by domestic revenue. It also strengthened

European operations by opening an office in Ireland.

Kellton has a diversified client base with Information and services contributes highest of 32.44% to the pie, followed by energy and utilities (14.9%), healthcare and lifesciences (13.7%) and energy and utilities (11.41%). The company has been consistently able to add clients over the quarters to augment its client base and its client include Flipkart, Jabong, Nestle, GE, Sony, Make My Trip, Nokia, PVR and Group On.

Looking at the last 9 months of FY16, sales increased by 166% to touch Rs359.7 while and EBITDA was 50.4 crore (up 140%) and net income 30.9 crore (up 130%). Company is confident to achieve targets of 600cr in FY16 led by new projects and adding more 2000 headcount. Company aims to become USD 306 mn company by 2019 led by strategic acquisition and consolidation in business unit across functional domain. Factoring in the growth, the TTM P/E of 21.3 looking comfortable and even after acquisitions the company had debt equity ratio of 0.6x.