

Top Picks

July 2014





Opportunity size

- * How big the sector can grow (3x, 4x, 5x)

Corporate Governance

- * Management back ground
- * Accounting policies
- * Corporate policies
- * Business with Related Parties

Investment Philosophy

Moat around the business

- * Differentiated business Model
- * Sustainable competitive advantage
- * High barriers to entry

Strong Management Credentials

- * Professional management
- * 2nd level of management
- * Track record of past decisions
- * Comments v/s deliverable



Strong earning visibility

- * Predictability for next 5-6 years
- * Ease in understanding business
- * Impact of technology, obsolescence of technology

Financials

- * Revenue growth
- * ROE/ROCE
- * Cash flow
- * Du-pont Analysis
- * Financial comparison with the competition

Investment Philosophy

Leadership Position

- * Market Share
- * Bargaining power
- * Consistent leadership

What we don't play

- * Subsidy driven
- * Non self sustaining

Edelweiss Top Picks



S.No	Stock Name	CMP (INR)	Mkt Cap (INR Crs)	P/E (X)		EV/EBITDA (X)		ROE (%)	
				FY15E	FY16E	FY15E	FY16E	FY15E	FY16E
1	Alembic Pharma	266	5,087	16.1	13.2	11.2	9.4	37.0	34.0
2	Bajaj Finance Ltd	2,007	10,024	9.5	7.8	NM	NM	20.5	20.4
3	Bharat Forge Ltd	632	14,715	18.7	15	9.6	8.3	20.0	21.0
4	Hindalco Industries Ltd	164	33,220	13.4	12.2	8.8	7.3	5.4	5.3
5	ICICI Bank Ltd	1,418	1,60,084	14.6	12.5	NM	NM	14.1	14.9
6	Mindtree Ltd	881	7,353	14.1	12.5	8.4	7.2	30.4	27.8
7	Larsen & Toubro Ltd	1,702	1,54,677	30.1	23.3	6.9	6.2	13.0	15.0
8	Motherson Sumi Systems	324	28,577	21.6	16.3	12.2	9.7	38.7	39.6
9	Repco Home	460	2,807	20.4	15.9	NM	NM	17.5	19.1
10	Solar Industries India Ltd	2,053	3,685	24.5	18.7	15.2	12	20.7	22.7
11	United Spirits Ltd	2,396	36,192	48.0	39.1	24.4	20.9	9.6	10.8
12	Zee Entertainment Enterprises Ltd	293	27,741	27.5	21.2	20.9	15.7	39.8	39.4

Prices updated as on 30th June 2014

NM- Not meaningful

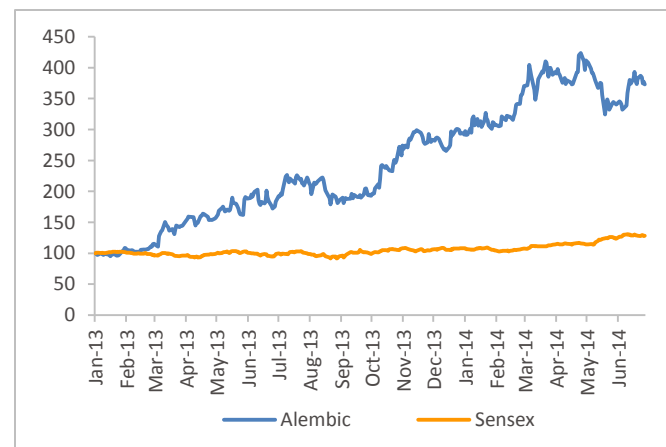


- * Alembic Pharma, is a leader in several sub-segments of the Anti-Infective Therapeutic segment. Over the last two to three years, it has invested heavily in increasing its revenue contribution from chronic therapies & regulated markets, which are high margins businesses
- * The company has increased its revenues from the chronic segment from 45% to over 55% currently over the last year growing at over 20% in the chronic segment, and intends to increase its share further. As a result, we expect the company's domestic formulation business to grow at 14% CAGR over FY14-16E
- * The company continues to improve its margins year-on-year, the company has ended FY14 at 19% EBITDA margins, the company is confident of sustaining the current margins and have various triggers for further improvement in margins over the next 2-3 years
- * Facility expansion for US, which started contributing from Q2FY14, has helped the company to double its revenues from international generic business in FY14. Going forward though the company has not given any guidance future growth, we believe the business has potential to grow atleast at a CAGR of 20% over FY14-16E on the back of the has strong enough pipeline of filings in the US
- * The company has outlined a capex plan of INR 250 crs for FY15E, to expand its facilities to support its growth in future.

	FY12	FY13	FY14E	FY15E	FY16E
Revenue	1,465	1,520	1,862	2,162	2,430
Rev. growth (%)	22%	4%	22%	16%	12%
EBITDA	219	252	354	432	513
Net profit	130.1	165.3	233.4	291.3	356.7
Shares outstanding (crs)	18.9	18.9	18.9	18.9	18.9
Diluted EPS (INR)	6.9	8.8	12.4	15.5	18.9
EPS growth (%)	52%	27%	41%	25%	22%
Diluted P/E (x)	36.1	28.5	20.1	16.1	13.2
EV/ EBITDA (x)	22.1	19.2	13.7	11.2	9.4
ROCE (%)	26%	33%	41%	41%	40%
ROE (%)	38%	37%	39%	37%	34%

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
SBI Tax Advantage Fund-Se..	326	2.2	0.1	7.3
IDFC Equity Opportunity -..	309	2.3	0.1	7.1
SBI Magnum Midcap Fund	205	2.4	0.1	5.0
SBI Pharma Fund	185	2.2	0.1	4.2
HSBC Midcap Equity Fund	81	4.0	0.0	3.2

Shareholding Pattern		Bloomberg:	ALPM:IN
Promoters:	74.13	52-week range (INR):	315 / 100
MFs, FIs & Banks:	1.38	Share in issue (Cr):	18.9
FII:	9.11	Mkt cap (INR Cr):	5,087
Others:	15.38	Avg. Daily Vol.BSE/NSE:(‘000):	277



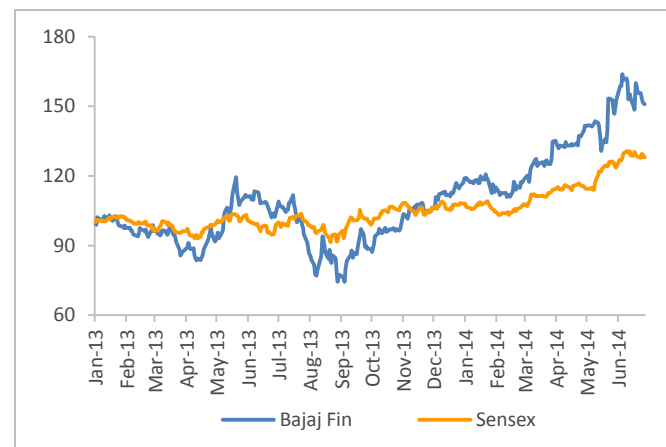


- * Bajaj Finance Limited (BFL), a subsidiary of Bajaj Finserv Ltd., is a leading and diversified NBFC in India. The company has a well-diversified portfolio bouquet with loan book spread across nine business lines and balanced in terms of scale and profitability
- * Over the years, BFL has built pan-India presence, covering 225 points across India and more than 4,000 distribution partners and dealers
- * BFL has exhibited strong growth momentum with 75% CAGR growth in AUM over the last three years
- * BFL is trying to maintain the balance between profitability and growth - the consumer book will provide profitability and the non-consumer book will provide scale
- * During the last four years, return ratios have improved significantly - RoA has improved from 1.3% in FY09 to 4.1% in FY13, while RoE has jumped from 3.2% in FY09 to 22% in FY13
- * The company has maintained healthy asset quality with gross and net NPA of 1.1% and 0.2% in FY13 respectively
- * BFL is maintaining the balance with the profitability (consumer segment) and scalability (infrastructure segment)
- * Valuation: The stock is currently trading at attractive valuation of 1.4x FY16E book value

	FY11	FY12	FY13	FY14E	FY15E	FY16E
Net int. income	906	1,250	1,719	2,152	2,711	3,351
Net profit after tax	247	406	591	707	928	1,136
Adjusted BV per share	371	492	676	818	1,005	1,233
Diluted EPS (INR)	67.7	95.3	118.8	141.9	186.4	228.1
Gross NPA ratio (%)	3.9	1.2	1.1	1.2	1.2	1.2
Net NPA ratio (%)	0.8	0.1	0.2	0.3	0.3	0.2
Price/Adj. book value (x)	4.8	3.6	2.6	2.2	1.8	1.4
Price/Earnings (x)	26.3	18.7	15.0	12.5	9.5	7.8
RoA	4.1	4.1	4.1	3.8	4.0	4.0
RoE	19.6	24.0	21.9	19.0	20.5	20.4

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
Reliance Banking Fund	1,492	5.3	1.0	79.1
IDFC Sterling Equity Fund	1,407	4.9	0.9	69.3
Sundaram Select Midcap	1,767	3.4	0.8	61.6
SBI Magnum Tax Gain Schem..	4,181	0.9	0.5	37.6
Sundaram Tax Saver	1,174	2.5	0.4	30.0

Shareholding Pattern		Bloomberg:	BAF:IN
Promoters:	61.61	52-week range (INR):	2,230 / 965
MFs, FIs & Banks:	7.60	Share in issue (Cr):	4.9
FII:	11.68	Mkt cap (INR Cr):	10,024
Others:	19.11	Avg. Daily Vol.BSE/NSE:(‘000):	26/15



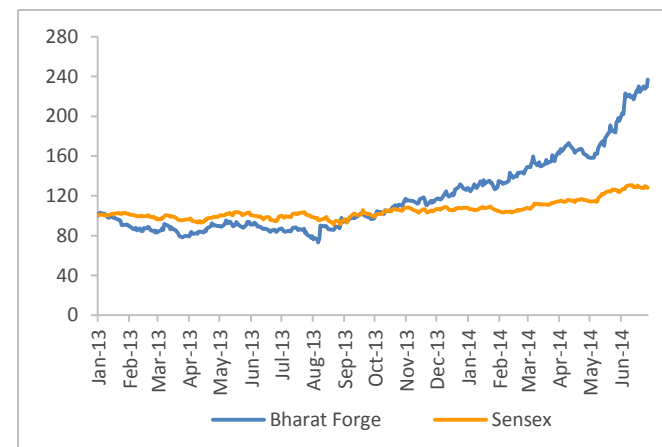


- * Bharat Forge Ltd. (BFL) is a leading supplier of critical components for automotive and non automotive market globally with a well-diversified customer base across all geographies. BFL has ~65% market share in Indian commercial vehicle market and 45% market share in Europe and US in crankshaft and front axle beam, which are its key products
- * We believe BFL sales have bottomed out as 1) Data points suggest gradual recovery in key markets with global auto OEMs expecting the same 2) Non-Auto sales to revive on the back of capex spends 3) Also there are some early signs of revival in IndianMHCV industry
- * Sell of loss making Chinese JV will improve profitability as operational loss will go away while reduction in debt (INR 500 cr) and accrual of cash (due to sell off, INR 175 cr) will save interest cost at consolidated level
- * With low capex spends over the next 2 years, significant reduction in debt and improvement in machining mix (higher margins), we expect BFL earnings to grow by 35% CAGR over FY14-FY16E . With improvement in demand in Europe, subsidiary utilization level will improve and operating leverage benefit will kick in further
- * The stock is currently trading at 17x FY16E EPS.

Year to March	FY12	FY13	FY14	FY15E	FY16E
Revenue (crs)	6,279	5,702	6,383	6,725	7,650
Rev. growth (%)	23%	-9%	12%	5%	14%
EBITDA (crs)	996	827	1,081	1,304	1,498
Net profit (crs)	413.1	285.1	402.6	586.9	734.8
Shares outstanding (crs)	23.3	23.3	23.3	23.3	23.3
Diluted EPS (INR)	17.7	12.2	17.3	25.2	31.6
EPS growth (%)	42%	-31%	41%	46%	25%
Diluted P/E (x)	26.6	38.6	27.3	18.7	15.0
EV/ EBITDA (x)	12.5	15.1	11.6	9.6	8.3
ROCE (%)	23%	15%	21%	26%	32%
ROE (%)	19%	10%	16%	20%	21%

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
Reliance Equity Opportuni..	5,291	3.1	2.0	164.0
Reliance Vision Fund	2,509	2.3	0.7	58.9
ICICI Pru Discovery Fund	3,052	1.9	0.7	57.9
Reliance Tax Saver (ELSS)..	2,027	2.3	0.5	47.2
Reliance Top 200	769	3.6	0.3	27.9

Shareholding Pattern		Bloomberg:	BHFC:IN
Promoters:	46.74	52-week range (INR):	633 / 185
MFs, FIs & Banks:	14.47	Share in issue (Cr):	23.3
FII:	16.00	Mkt cap (INR Cr):	14,160
Others:	22.79	Avg. Daily Vol.BSE/NSE:(‘000):	60/368



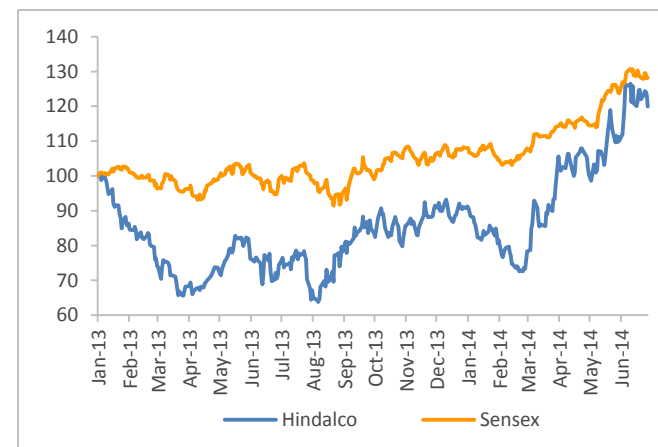


- * Robust standalone aluminium business with over 50% proportion of value-added products and high level of backward integration (60% bauxite, 100% alumina and 33% coal)
- * India greenfield projects viz. Utkal alumina (1.5mtpa), Mahan aluminium (0.359mtpa), Aditya Aluminium (0.359mtpa) to benefit from captive bauxite mining already commenced (opening a new mine is a significant achievement in India) and potentially partial captive coal from Mahan coal block which has obtained all clearances (but not assumed in estimates)
- * Strong growth in forward earnings: Benefiting from volume expansion in both India and Novelis, consolidated EBITDA is expected to rise from INR 84bn in FY14E to INR 121 bn in FY16E (CAGR: 20%)
- * Project risk over; volumes to rise strongly: In India, Hindalco has just completed 3 major greenfield projects doubling its alumina capacity to 3mtpa and in aluminium increasing capacity to 1.3mtpa from 0.55mtpa pre-expansion. In Novelis, capacity expansion of ~0.6mtpa on a base of 2.9mtpa has been recently commissioned
- * Balance sheet deleveraging: Net debt is expected to peak in FY15E and decline by FY18E as capex drops sharply and projects generate cash
- * Attractive valuations: Stock is currently valued at 0.5x FY14 P/B. In terms of forward multiples it is valued at 7.3x FY16E EV/EBITDA.

Year to March	FY12	FY13	FY14	FY15E	FY16E
Revenue (crs)	80,821	80,192	87,695	85,290	99,912
Rev. growth (%)	12.1	-1.0	9.3	-3.0	17.1
EBITDA (crs)	7,970	7,836	8,286	10,526	13,142
Net profit (crs)	3,558	3,023	2,524	2,337	2,587
Shares outstanding (crs)	191	191	206	206	206
Diluted EPS (INR)	17.7	15.8	12.4	11.9	13.1
EPS growth (%)	38.2	-11.0	-21.0	-4.0	10.2
Diluted P/E (x)	9.0	10.1	12.9	13.4	12.2
EV/ EBITDA (x)	9.0	10.8	11.2	8.8	7.3
ROCE (%)	7.4	5.6	4.5	5.5	6.6
ROE (%)	11.1	9.0	6.7	5.4	5.3

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Top 200 Fund	10,813	0.3	0.1	37.8
Reliance Regular Savings ..	2,222	1.5	0.1	34.2
Franklin India Bluechip F..	4,990	0.5	0.1	27.9
IDFC Arbitrage	1,132	0.8	0.0	9.6
UTI-Infrastructure Fund	1,374	0.4	0.0	6.7

Shareholding Pattern		Bloomberg:	HNDL:IN
Promoters:	37.00	52-week range (INR):	174 / 83
MFs, FIs & Banks:	14.42	Share in issue (Cr):	206
FIs:	26.91	Mkt cap (INR Cr):	33,220
Others:	21.67	Avg. Daily Vol.BSE/NSE:(‘000):	8511



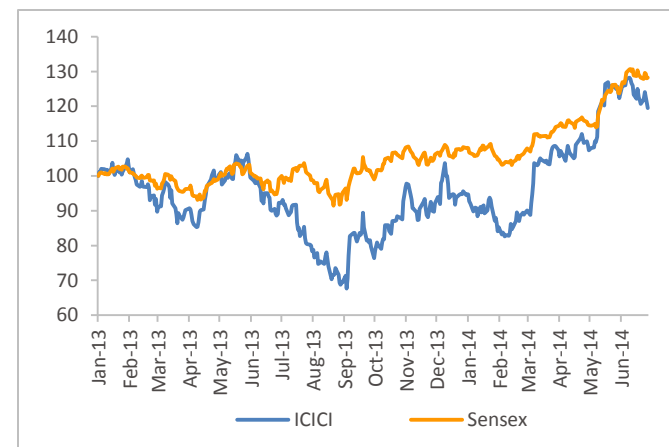


- * ICICI Bank is India's largest private sector bank with total asset of INR 4.7tn. The loan book is expected to grow at 20% CAGR over next few years driven by retail segment and working capital related corporate loans
- * Average CASA is 38-40% which keeps cost of funds low and add to net interest margin
- * Asset quality has been improving steadily with Gross and Net NPA at 3.5% and 0.7% respectively. Restructuring book (1.6% of loans) has been declining. We do not see major restructuring in the future
- * The bank has near market leadership in almost all its businesses including mortgages, auto loans, commercial vehicle loans, life insurance, general insurance, and asset management. In future, the listing of Insurance business and asset management will lead to monetization of stake
- * Guidance of 20% domestic advance growth, NIMs of 3.2% for FY14, cost/income to be capped at 40%, CASA at 38- 40% and credit cost of 75bps will sustain the RoA/RoE at similar levels. Adjusting for valuation of subsidiaries of INR 228 per share, the stock trades at 1.7x FY16 adj.book

	FY12	FY13	FY14E	FY15E	FY16E
Net int. income	33,542	40,075	44,178	50,439	58,763
Net profit after tax	6,465	8,325	9,810	10,939	12,733
Adjusted BV per share	404.9	458.2	510	577.9	655.6
Diluted EPS (INR)	56.0	72.1	84.9	94.7	110.2
Gross NPA ratio (%)	3.3	3.0	3.0	2.8	2.7
Net NPA ratio (%)	0.7	0.7	0.9	0.7	0.6
Price/book value (x)	2.6	2.3	2.1	1.9	1.7
Price/Earnings (x)	24.6	19.1	16.3	14.6	12.5
ROAE (%)	11.1	13.0	14.0	14.1	14.9
ROA (%)	1.5	1.7	1.8	1.8	1.8

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Top 200 Fund	10,738	7.2	0.6	781.7
HDFC Equity Fund	10,644	7.0	0.6	747.2
ICICI Pru Focused Bluechi..	4,849	7.1	0.3	344.2
Franklin India Bluechip F..	4,978	6.1	0.2	307.6
HDFC Tax Saver Fund	3,580	7.8	0.2	282.1

Shareholding Pattern		Bloomberg:	ICICIBC:IN
Promoters:	—	52-week range (INR):	1,593 / 757
MFs, FIs & Banks:	23.20	Share in issue (Cr):	115
FIs:	39.87	Mkt cap (INR Cr):	1,60,084
Others:	36.93	Avg. Daily Vol.BSE/NSE:(‘000):	5075



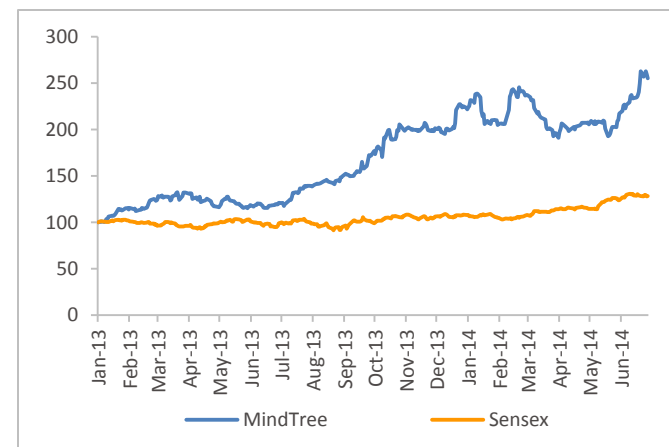


- * Mindtree's three-pronged strategy of higher mining of existing clients, focusing on existing businesses and improving operational efficiencies seems to be working. This is clearly visible in USD revenue CAGR of 25% over FY11-13 and margin improvement of 725bps over the same period.
- * Mindtree has shifted focus towards large deals with deal size in the range of US\$ 25 million to US\$ 100 million.
- * The company has a healthy net cash and investment position of INR 630 crores (8% of Mcap) as at FY14 end. Going forward, Mindtree is expected to generate healthy free cash flows of INR 800 crs. over FY15E-FY16E, on the back of robust business growth.
- * The company has exited all its non-core businesses and concentrated back to its core IT services business. The company has thus simplified its growth engines from 7 units to 2 units (IT services – 70% of revenues & Product Engineering Services – 30% of revenues).
- * The company was going over its internal issues arising from the differences between the founders. Post Ashok Soota's exit, there has been stability in the top management and the focus is back on business.
- * Mindtree's has further concentrated on reduction in attrition rate and has brought it down to 13% in FY14, from a high of 24% in Q3FY11, much below the industry avg. of 14%.
- * The stock is trading at P/E of 14x FY15E and at P/E of 12.5x FY16E

	FY12	FY13	FY14E	FY15E	FY16E
Revenue	1,915	2,362	3,032	3,489	3,878
Rev. growth (%)	26.9	23.3	28.4	15.1	11.2
EBITDA	293	486	610	734	802
Net profit	219	339	451	563	643
Shares outstanding (crs)	8.1	8.3	8.3	8.7	8.8
Diluted EPS (INR)	26.8	40.8	54.2	64.7	73.0
EPS growth (%)	115.5	52.1	32.9	19.3	12.9
Diluted P/E (x)	34.1	22.4	16.9	14.1	12.5
EV/ EBITDA (x)	21.8	13.0	10.2	8.4	7.2
ROCE (%)	24.7	36.0	35.3	33.8	29.6
ROE (%)	25.1	29.8	30.6	30.4	27.8

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Mid-Cap Opportunitie..	3,845	2.7	1.7	106.5
ICICI Pru Value Discovery..	3,530	2.8	1.6	99.1
IDFC Premier Equity Fund	3,990	1.7	1.1	68.2
Franklin India Prima Fund	1,218	3.3	0.6	41.2
ICICI Pru Dynamic Plan	3,993	0.8	0.5	32.3

Shareholding Pattern		Bloomberg:	MTCL:IN
Promoters:	16.52	52-week range (INR):	925 / 403
MFs, FIs & Banks:	10.45	Share in issue (Crs):	4.4
FIIIs:	35.59	Mkt cap (INR Crs):	7,353
Others:	37.44	Avg. Daily Vol.BSE/NSE:(‘000):	277





- * L&T is India's largest infrastructure and EPC company with presence across major verticals like process, hydrocarbons, power, core infrastructure like roads, ports, bridges, industrial structures etc. It has a dominant position and market share in most operating verticals like oil & gas, process projects, roads, bridges, or industrial structures.
- * L&T targets to achieve over 20% RoE in next 3-5 years by improving internal efficiency, optimal cash flow utilization and optimizing the current manufacturing base in ship-building, defense, heavy forgings and power equipment
- * L&T would focus on divesting stake in several developmental projects for meeting equity requirement. Besides this it is also planning for listing of its Infotech business in FY16. Thus there would be value unlocking in these businesses.
- * L&T is well equipped to lead the recovery in domestic capex cycle, given strong revenue growth visibility supported by robust and diversified order backlog
- * L&T witnessed robust order inflows of INR 94100 crore in FY14 with 15% yoy growth and gave strong guidance of 20% growth in consolidated order inflows in FY15.
- * The management guided for 15% growth in consolidated revenue in FY15. The current order backlog of INR 1.63 lakh crore (2.9x FY14 standalone revenue) and expectation of strong order inflows in future gives strong revenue growth visibility

	FY12	FY13	FY14	FY15E	FY16E
Revenue	64,313	74,498	85,128	97,443	117,023
Rev. growth (%)	23.4	15.8	14.2	14.4	20
EBITDA	8,883	9,859	10,754	12,413	15,212
Net profit	4,625	4,831	4,520	5,199	6,694
Shares outstanding (crs)	92.5	92.5	93	93	93
Diluted EPS (INR)	50.1	51.5	49.1	55.3	71.3
EPS growth (%)	5.2	2.9	-4.8	12.7	28.9
Diluted P/E (x)	33.2	32.3	33.9	30.1	23.3
EV/ EBITDA (x)	4.3	5.4	6.7	6.9	6.2
ROCE (%)	10.1	9	8.4	8.1	9.1
ROE (%)	17.0	15.1	12.7	12.9	14.9

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Top 200 Fund	10,738	4.4	0.5	476.7
HDFC Equity Fund	10,644	3.8	0.4	407.6
UTI-Opportunities Fund	3,643	4.5	0.1	164.2
HDFC Tax Saver Fund	3,580	4.4	0.1	160.3
Reliance Equity Opportuni..	5,291	2.9	0.1	155.0

Shareholding Pattern	Bloomberg:	LT :IN
Promoters:	—	52-week range (INR): 1,777 / 677
MFs, FIs & Banks:	36.60	Share in issue (Cr): 93
FII:	18.47	Mkt cap (INR Cr): 1,54,677
Others:	44.93	Avg. Daily Vol.BSE/NSE:(‘000): 836.7



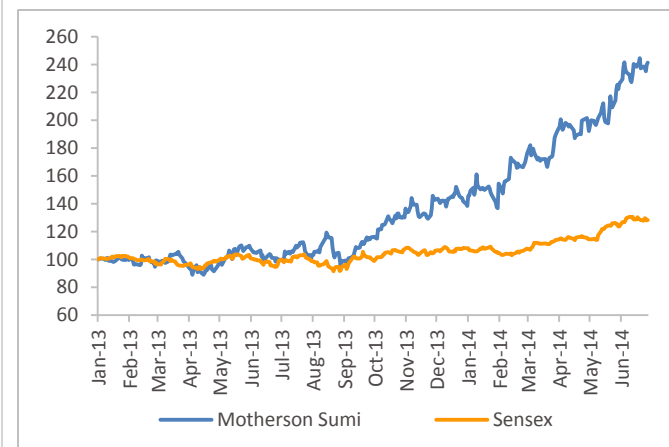


- * Motherson Sumi Systems Ltd. (MSSL) is a global auto component supplier with market leading position in wiring harness (65% MS in India), rear view mirrors (22% Global MS) and polymer components (Bumpers, Dashboards etc). International revenue accounts for 87% of revenues
- * The Management has significantly scaled up business (57% CAGR growth in 10 years) through acquisitions/JVs (at the right time and right valuations), turned them around and created a global company with marquee clients while focusing on ROCE and maintaining dividend payout of 30% plus. MSSL customers include marquee names like VW, Audi , BMW, Porsche, Skoda, General Motors ,Maruti Suzuki, TataMotors, Hyundai etc
- * Revenue visibilty – 1) Relationship with Sumitomo for technology and backward integration for wiring harness (Promoter is on Sumitomo, Japan Board) 2) Just in sequence supplies and replacement of plastics from metal for SMP 3)Industry firsts & one timemould cost for SMR
- * New order wins at SMP & SMR (Euro 6 bn) gives sales visibility while margins expansion (SMR/SMP) gives us comfort on MSSL effort to expand margins going forward. Moreover depletion of low margins old orders and new orders with high margins will lead to margins expansion at SMR and SMP
- * Internal sourcing opportunities (INR 5000 crs) , tapping customers within business segments (SMR – SMP) and vertical integration (SMR) gives us sustained sales and margin visibility over a longer period
- * Stock is currently trading at 16.1x FY16E EPS

	FY12	FY13	FY14E	FY15E	FY16E
Revenue	14,862	25,567	30,721	36,148	43,343
Rev.growth (%)	80.2%	72.0%	20.2%	17.7%	19.9%
EBITDA	948	1,782	2,878	3,379	4,951
Net Profit	280	457	953	1,128	1,772
Shares outstanding (Crs)	88.2	88.2	88.2	88.2	88.2
Diluted EPS (INR)	3.2	5.2	10.8	12.8	20.1
EPS growth (%)	-20%	63%	109%	18%	57%
Diluted P/E (x)	83.9	51.4	24.8	21.6	16.3
EV/EBITDA (x)	34.9	21	14.5	12.2	9.7
ROCE (%)	13.6%	16.8%	30.0%	37.7%	47.9%
ROE (%)	10.3%	18.3%	39.0%	38.7%	39.6%

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
ICICI Pru Focused Bluechi..	4,849	3.7	1.1	181.8
Reliance Regular Savings ..	2,262	4.8	0.6	109.4
HDFC Tax Saver Fund	3,580	2.7	0.6	98.0
Birla Sun Life Midcap Fun..	991	4.9	0.3	49.2
Birla Sun Life Frontline ..	3,756	1.3	0.3	49.2

Shareholding Pattern		Bloomberg:	MSS:IN
Promoters:	65.59	52-week range (INR):	327 / 124
MFs, Fls & Banks:	7.43	Share in issue (Crs):	88.2
FIIIs:	16.91	M cap (INR Crs):	28,128
Others:	10.07	Avg. Daily Vol.BSE/NSE:(‘000):	45/420





- * Repco Home Finance Limited (RHF), promoted by Repco Bank Ltd., is a dedicated Tier II and Tier III cities focused housing finance company in India
- * RHF, since inception has focused on under-served and under-penetrated areas. The average ticket size of the company's loan is INR 9.8 lakhs
- * During the last five years, loan disbursements have grown at a CAGR of 40% from INR 651 cr. in FY08 to INR 3,544 cr. in FY13 while PAT has also grown by 40% CAGR from INR 15.6 cr. to INR 80 cr. in FY13
- * RHF has zero builder/developer loan. In addition, the company has maintained healthy asset quality with Gross and net NPA of 2.22% and 1.52% as on Sep 2013
- * The loan book of RHF is equally divided between salaried and non salaried. The company has developed strong in-house model to evaluate non salaried borrowers. This is clearly visible in the cumulative write offs of INR 3.90 crores since initiation.
- * RHF has managed its costs well with a cost-to-income ratio of 17.3%. Unlike its peers, RHF does not depend on intermediaries for loan origination
- * RHF will be able to sustain growth in excess of 20% and RoAE in excess of 20% in coming years . The company is well capitalized (25.5% capital adequacy ratio)
- * The stock is currently trading at attractive valuation of 2.7x FY16E book value

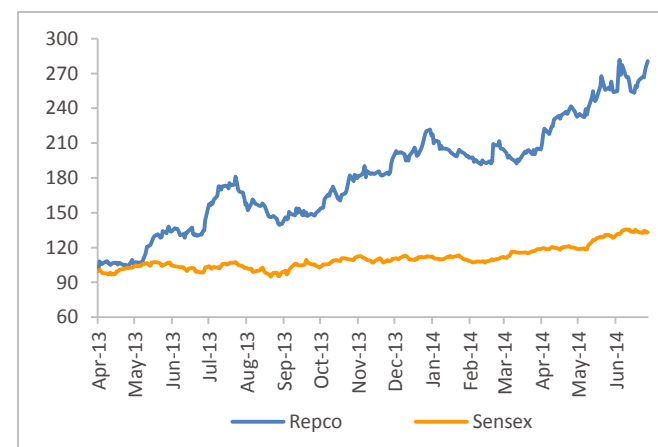
	FY13	FY14E	FY15E	FY16E
Net int. income	125	190	240	305
Net profit after tax	80	110	141	181
Adjusted BV per share	98.1	115.5	134.4	159.8
Diluted EPS (INR)	12.6	17.6	22.6	29
Gross NPA ratio (%)	1.5	1.5	1.7	1.8
Net NPA ratio (%)	1	0.7	0.8	0.7
Price/Adj. book value (x)	4.6	3.9	3.4	2.8
Price/Earnings (x)	36.5	26.1	20.4	15.9
RoA	2.4	2.6	2.6	2.6
RoE	17.0	16.0	17.5	19.1

FY16 projections not available

Private and Confidential

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
SBI Magnum SFU-Emerging B..	1,244	5.0	3.1	62.3
Reliance Banking Fund	1,512	1.6	1.2	24.9
SBI Magnum Balanced Fund	415	4.1	0.8	17.1
Franklin India Prima Fund	885	1.7	0.7	15.2
ICICI Pru Banking & Finan..	274	4.5	0.6	12.5

Shareholding Pattern		Bloomberg:	REPCO:IN
Promoters:	37.37	52-week range (INR):	475 / 201
MFs, FIs & Banks:	10.52	Share in issue (Cr):	62.2
FII:	6.56	Mkt cap (INR Cr):	2,807
Others:	45.55	Avg. Daily Vol.BSE/NSE:(‘000):	33/5



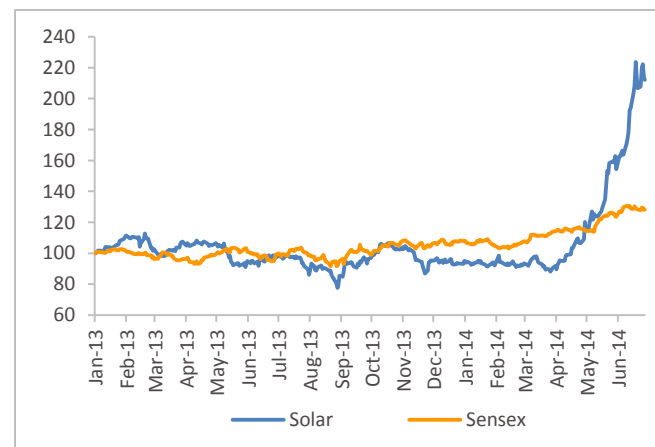


- * Solar Industries Ltd. (SIL) is the market leader with 30% market share in the domestic industrial explosives segment and the largest Indian exporter and is poised to sustain its fast-paced growth on back of its leadership position and high entry barriers in explosive industry.
- * The company expanding geographically via exports as well as scaling up overseas manufacturing operations, as exports have better realization and margins compared to domestic markets, thus a surge in profitability is imminent.
- * It entered into an arrangement with DRDO to source the necessary technology to manufacture propellants (for Akash & Pinaka missiles) and HMX (for war heads). These products would be 20%+ margins and a RoCE of 40%+.
- * The defense project, has the potential to garner over INR2bn and INR4bn revenue in FY16E and FY17E, respectively, is likely to commence in H2FY15 and to be completed at a cost of INR2.2bn.
- * Further, the Government recently has classified its key raw material Ammonium Nitrate as explosive, and thus the illegal market that used to operate could shift to the company, which may add to further growth.
- * At CMP the stock is trading at 12.8x its FY16E earnings.

Year to March	FY12	FY13	FY14	FY15E	FY16E
Revenue (crs)	967	1121	1133	1406	1736
Rev. growth (%)	42.1	15.9	0.9	24.1	23.4
EBITDA (crs)	171	190	203	261	329
Net profit (crs)	108	136	139	165	216
Shares outstanding (crs)	1.8	1.8	1.8	1.8	1.8
Diluted EPS (INR)	56.5	70	70.9	82.7	108.8
EPS growth (%)	43.9	23.7	1.2	16.6	31.4
Diluted P/E (x)	35.9	29.0	28.6	24.5	18.7
EV/ EBITDA (x)	22.1	20.7	19.7	15.2	12.0
ROCE (%)	25.0	20.0	16.9	19.1	21.4
ROE (%)	27.2	25.9	20.8	20.7	22.7

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Mid-Cap Opportunitie..	3,525	1.7	2.7	60.2
Birla Sun Life Midcap Fun..	1,010	3.8	1.7	38.3
HDFC Tax Saver Fund	3,711	0.6	1.0	23.3
HDFC Growth Fund	1,006	2.2	1.0	23.0
HDFC Balanced Fund	1,293	1.3	0.8	17.4

Shareholding Pattern		Bloomberg:	SOXP:IN
Promoters:	72.75	52-week range (INR):	2,250 / 735
MFs, FIs & Banks:	18.07	Share in issue (Cr):	1.8
FII:	1.18	Mkt cap (INR Cr):	3,685
Others:	8.00	Avg. Daily Vol.BSE/NSE:(‘000):	15



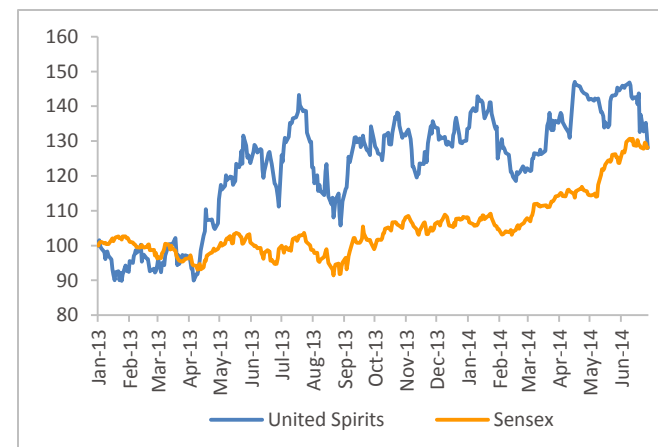


- * United Sprits Ltd (USL) is the largest spirits company in the branded spirits market in India and is the second largest spirits group in the world. It has a ~50% market share in terms of volume in IndianMade Foreign Liquor market.
- * Diageo taking over management control at USL should result in significant improvement in profitability levels for USL. We expect USL under new ownership and management to focus on premiumization of its portfolio thus resulting in healthier EBITDA margin trends.
- * A 10% increase in realizations in the regular segment for USL would double domestic business profits for USL. Thus there exists significant operating leverage which is untapped.
- * Diageo – globally reports EBITDA margins of 30%+ on a sustainable basis. USL historically has reported margins of 23% and we should see significant pick-up in margins for USL from current subdued levels of 13%.
- * We value the stock at 3.5x FY15E EV/Sales

	FY12	FY13	FY14E	FY15E	FY16E
Revenue	9,101	10,526	11,246	12,542	14,186
Rev. growth (%)	24.5	15.3	7	11.5	13
EBITDA	1,060	993	1,324	1,579	1,825
Net profit	158	-94	313	752	925
Shares outstanding (crs)	12	12	14	14	14
Diluted EPS (INR)	12.5	-7.0	21.5	51.7	63.6
EPS growth (%)	-63.0	-160.0	-388.0	140.4	22.9
Diluted P/E (x)	198.0	-333.0	115.6	48.0	39.1
EV/ EBITDA (x)	36.9	39.6	29.4	24.4	20.9
ROCE (%)	7.7	6.3	8.8	10.3	11.6
ROE (%)	3.5	-2.0	5.1	9.6	10.8

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
Reliance Growth Fund	4,311	4.8	0.5	206.9
IDFC Premier Equity Fund	3,706	4.0	0.4	150.1
HDFC Top 200 Fund	10,738	0.9	0.2	104.1
DSP BR Top 100 Equity Fun..	2,909	3.4	0.2	98.9
Reliance Regular Savings ..	2,261	4.1	0.2	93.8

Shareholding Pattern		Bloomberg:	UNSP:IN
Promoters:	38.62	52-week range (INR):	2,941 / 1,993
MFs, FIs & Banks:	3.97	Share in issue (Crs):	14
FIIIs:	40.14	Mkt cap (INR Crs):	36,192
Others:	17.27	Avg. Daily Vol.BSE/NSE:(‘000):	1023



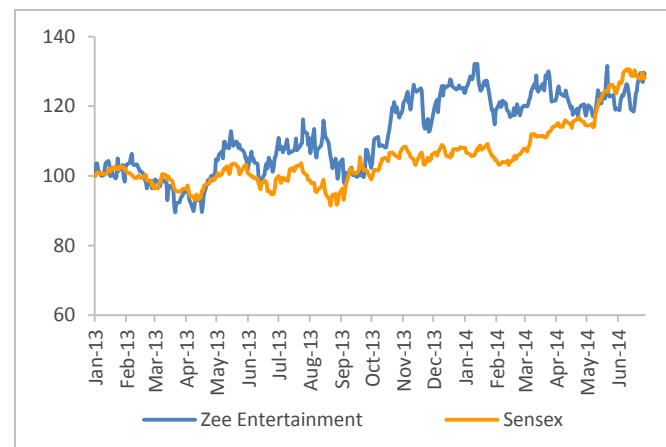


- * ZEE is India's oldest private cable television broadcaster and one of the largest media companies in India. Besides Zee TV and Zee Cinema, the company has an attractive bouquet of regional channels. The company has 650mn viewers in total all over the globe
- * ZEE will be a major beneficiary of digitization, with its large channel bouquet, strong distribution muscle, sound balance sheet, cash flows, large dividend payouts and ability to garner higher share of the subscription revenue pie
- * As of H1-FY14, subscription revenues contributed ~44% to ZEE's total revenues. We expect subscription revenues to contribute ~56% to ZEE's total revenues by FY16. ZEE's international revenues will further add to the company's profitability prospects
- * Further, ZEE and STAR group have merged their distribution arms recently to form MediaPro. Digitization, coupled with the MediaPro distribution JV, will enable ZEE to grow its subscription revenues aggressively over the next few years
- * At the CMP the stock trades at a PE multiple of 18.0x FY16E earnings

	FY12	FY13E	FY14E	FY15E	FY16E
Revenue	3,040	3,699	4,421	4,952	6,032
Rev. growth (%)	1.0	21.6	19.5	12.0	21.7
EBITDA	739	954	1204	1312	1716
Net profit	590	718	889	1147	1447
Shares outstanding (crs)	95	95	96	96	96
Diluted EPS (INR)	6.1	7.5	9.2	10.4	13.5
EPS growth (%)	-3.0	22.7	23.1	12.6	29.7
Diluted P/E (x)	47.0	38.2	31.0	27.5	21.2
EV/ EBITDA (x)	36.0	27.5	23.2	20.9	15.7
ROCE (%)	28.4	32.0	33.9	31.4	34.6
ROE (%)	18.0	19.5	27.5	39.8	39.4

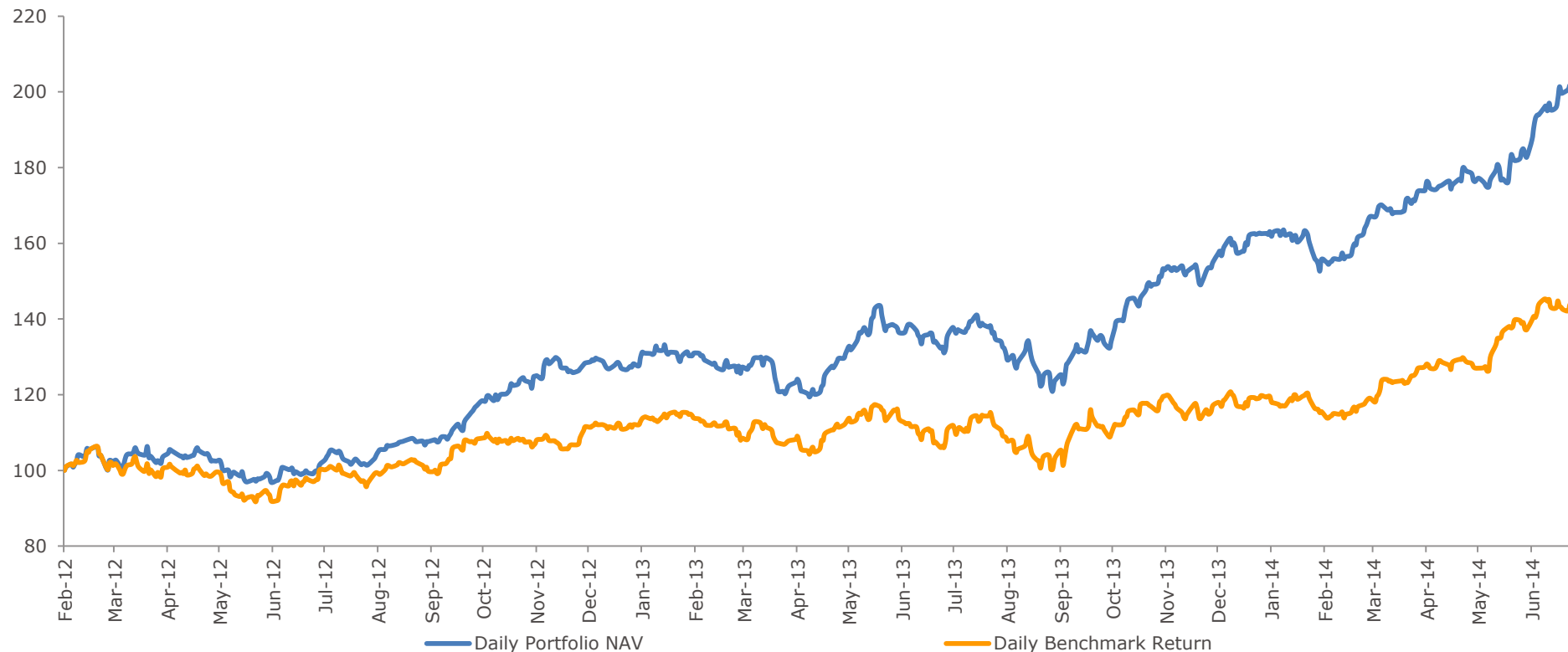
Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
IDFC Premier Equity Fund	3,706	2.9	0.4	110.8
Reliance Growth Fund	4,311	2.2	0.3	97.0
HDFC Equity Fund	10,644	0.5	0.2	59.6
DSP BR Top 100 Equity Fun..	2,909	1.9	0.2	57.6
Morgan Stanley Growth Fun..	1,232	4.6	0.2	57.4

Shareholding Pattern		Bloomberg:	Z:IN
Promoters:	43.07	52-week range (INR):	302 / 208
MFs, FIs & Banks:	3.43	Share in issue (Cr):	96
FII:	47.94	Mkt cap (INR Cr):	27,741
Others:	5.56	Avg. Daily Vol.BSE/NSE:('000):	483/2538





Edelweiss Top Picks NAV: At INR 202 vs Nifty NAV of INR 144



* Edelweiss Top Picks have delivered a return of 102% since inception as against Nifty return of 44%, translating into an outperformance of 58%

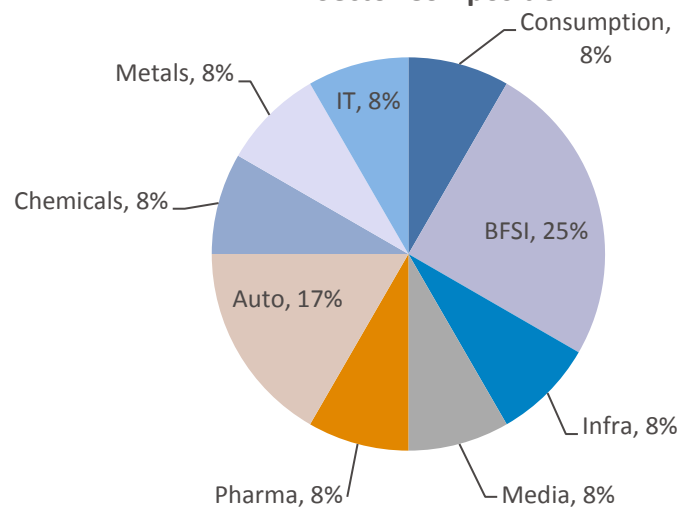
* On an annualized basis, Top Picks have delivered a return of 47% per annum as against Nifty return of 30%.



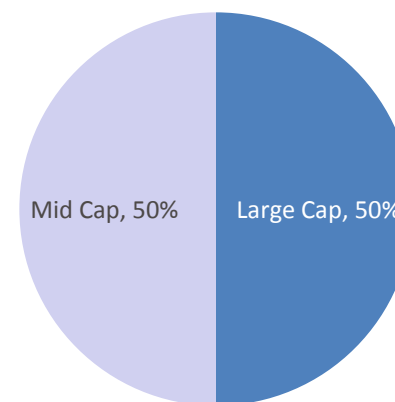
Top Picks Portfolio Performance

Parameters	1 M	3 M	6 M	9 M	12 M	ITD ##
Portfolio Returns	6.1%	14.5%	24.8%	46.9%	47.2%	102.0%
Benchmark Returns	2.6%	12.7%	22.3%	28.8%	29.9%	44.4%
Volatility	11.9%	14.3%	13.5%	13.5%	16.1%	15.2%
Benchmark Volatility	13.5%	14.2%	12.9%	13.6%	17.3%	16.0%
Sharpe Ratio	5.4	3.5	3.1	4.0	3.4	3.1
Information Ratio	2.8	0.5	0.4	2.0	1.4	2.8

Sector Composition



Value Composition



Edelweiss Top Picks Deletion History



Exit Date (Beginning Of the Month)	Company Name	Buy Price	Exit Price	Return
Jun-12	Tata Steel	471.0	397.9	-15.5%
Sep-12	Glenmark Pharmaceuticals	297.7	426.6	43.3%
Oct-12	Yes Bank	336.2	394.2	17.3%
Oct-12	City Union Bank	37.1	46.1	24.2%
Oct-12	HCL Technologies	437.9	581.2	32.7%
Oct-12	Eros International	204.7	161.6	-21.1%
Oct-12	Bajaj Auto	1610.8	1810.4	12.4%
Oct-12	GSK Consumer	2664.0	3008.5	12.9%
Feb-13	Supreme Industries	282.9	304.1	7.5%
Feb-13	Coromandel international	269.7	227.1	-15.8%
Feb-13	Amara Raja Batteris	221.7	300.6	35.6%
Feb-13	Gateway Distiparks	145.9	134.8	-7.6%
May-13	Astral Poly Technik	120.0	153.9	28.3%
May-13	RAMCO Cement	243.4	242.5	-0.4%
Jul-13	Glenmark Pharmaceuticals	499.8	575.4	15.1%
Jul-13	Lupin	705.6	777.2	10.1%
Jul-13	WABCO India	1605.4	1678.1	4.5%
Jul-13	J&K Bank	161.6	129.8	-19.7%
Aug-13	Bharat Forge	224.2	196.5	-12.4%
Aug-13	Development Credit Bank	48.2	44.3	-8.0%
Sep-13	V-Guard	466.3	507.8	8.9%
Nov-13	KPIT Cummins	130.3	142.3	9.2%
Nov-13	ITC	300.7	328.1	9.1%
Jan-14	Maruti Suzuki	1358.0	1764.0	29.9%
Jan-14	Sobha Developers	301.4	320.2	6.2%
Jan-14	RAMCO Cement	176.2	188.1	6.8%
Apr-14	Lupin	835.0	945.1	13.2%
May-14	Ipca Labs	822.0	760.6	-7.5%
May-14	Wipro	451.0	494.7	9.7%
May-14	Pidilite	255.0	323.9	27.0%
May-14	Infosys	3561.0	2924.5	-17.9%

Stocks Under Coverage



Stock	Sectors	Release Date	Reco Price	CMP	Return
TTK Prestige	Consumption	Apr-10	900	3,525	292%
Whirlpool	Consumption	Apr-10	300	336	12%
Symphony Ltd	Consumption	Apr-10	184	995	441%
Bajaj Finance Limited	BFSI	Feb-12	810	2,007	148%
City Union Bank Limited	BFSI	Feb-12	37	75	103%
GRUH Finance Limited	BFSI	Apr-12	133	201	51%
Kajaria Ceramics Limited	Consumption	Apr-12	130	530	308%
Tube Investments of India Limited	Auto & Auto Ancillary	Apr-12	141	293	108%
Alembic Pharmaceuticals Limited	Pharma	Apr-12	47	266	466%
Vinati Organics Limited	Chemicals	May-12	86	331	284%
Karur Vysya Bank Limited	BFSI	Jun-12	413	465	13%
Jammu & Kashmir Bank Limited	BFSI	Jul-12	925	1,562	69%
Astral Poly Technik Limited	Consumption	Aug-12	115	702	510%
Amara Raja Batteries Limited	Auto & Auto Ancillary	Aug-12	188	471	151%
Dishman Pharmaceuticals and Chemicals Limited	Pharma	Sep-12	86	137	60%
MindTree Limited	IT	Oct-12	674	881	31%
V-Guard Industries Limited	Consumption	Jul-12	240	590	146%

Stock	Sectors	Release Date	Reco Price	CMP	Return
TV18 Broadcast Limited	Media	Nov-12	23	33	42%
Prestige Estates Projects Limited	Real Estate	Dec-12	163	229	41%
WABCO India Limited	Auto & Auto Ancillary	Jan-13	1,620	3,297	104%
Madras Cements Limited	Cement	Jan-13	240	290	21%
KPIT Cummins Infosystems Limited	IT	Jan-13	110	172	57%
Sobha Developers Limited	Real Estate	Feb-13	430	498	16%
Bharat Forge	Auto & Auto Ancillary	Apr-13	230	626	172%
La Opala RG Limited	Consumption	Jun-12	105	903	760%
Development Credit Bank Ltd	BFSI	May-13	48	83	74%
J K Lakshmi Cement Ltd	Cement	Jun-13	106	213	101%
Kewal Kiran Clothing Ltd	Consumption	Jul-13	820	1,670	104%
NIIT Technologies Ltd	IT	Sep-13	275	443	61%
Elgi Equipments	Capital Goods	Sep-13	78	122	56%
Motherson Sumi Systems Ltd	Auto & Auto Ancillary	Sep-13	157	324	107%
Pidilite Industries	Consumption	Sep-13	258	326	26%
Unichem	Pharma	Sep-13	170	227	33%
Engineers India Ltd	Capital Goods	Mar-14	149	325	118%
Mayur Uniquoters Limited	Consumption	Mar-14	243	376	55%
Natco Pharmaceutical Ltd	Pharma	Mar-14	750	1,005	34%
Va Tech Wabag Ltd	Capital Goods	Mar-14	695	1,308	88%
Cholamandalam Investment	BFSI	Apr-14	290	389	34%
Ratnamani Metals and Tubes Ltd	Capital Goods	May-14	235	380	62%
NBCC	Capital Goods	May-14	243	346	42%
Finolex industries	Capital Goods	Apr-14	203	288	42%
CAN FIN Homes	BFSI	May-14	265	404	53%



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