

Top Picks

February 2015





Moat Around Business

- * How different is the company
- * Edge, Entry barrier, competition etc

Opportunity Size

- * How big the sector can be (3x, 4x....)
- * Is there a saturation in the Industry

Corporate governance

- * Management background matters
- * Aggressive accounting policies etc.

Our Core Investment Philosophy and Approach

Strong Earnings Visibility

- * Can we predict earnings for next 2-3 years
- * Revenue growth, RoE, RoCE
- * Cash flow, Du-Pont

Strong Management Credentials

- * Track record of past decisions
- * Comments v/s delivery etc.

Leadership position in sector

- * Market Share, Fragmented Industry
- * Bargaining power of the Industry

Our Stock Ideas are backed by thorough Research and Analysis

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	470	9,024	29.0	23.1	20.1	16.0	38.6	36.3
2	Bajaj Finance Ltd	4,051	20,703	22.4	19.9	NM	NM	19.9	19.5
3	Bharat Forge Ltd	1,034	24,266	34.7	28.4	17.4	15.0	24.0	24.0
4	Biocon Ltd.	415	8,197	24.8	22.9	14.7	12.9	11.9	11.5
5	Bosch Ltd	23,824	73,593	52.4	41.1	34.7	27.1	18.4	19.9
6	ICICI Bank Ltd	361	2,20,302	18.2	16.1	NM	NM	14.7	15.0
7	Mindtree Ltd	1,321	10,925	21.0	18.1	15.2	13.7	29.5	27.6
8	Larsen & Toubro Ltd	1,701	1,60,124	33.7	25.4	7.3	6.5	11.8	14.2
9	Motherson Sumi Systems	451	39,959	36.4	20.3	19.9	12.7	34.9	49.1
10	Repc Home Finance	692	4,178	33.2	26.1	NM	NM	17.2	18.6
11	Solar Industries India Ltd	3,101	5,606	35.3	26.1	22.4	17.1	21.8	24.3
12	Zee Entertainment Enterprises Ltd	377	37,076	43.6	40.1	27.9	26.1	32.2	28.6

Prices updated as on 30th January 2015

NM- Not meaningful

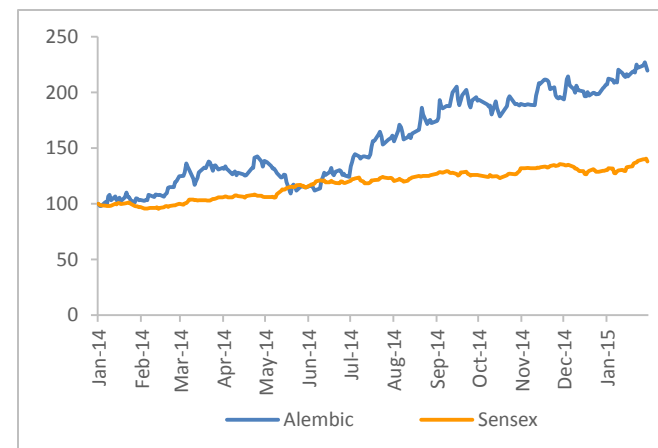


- * Alembic Pharma, is a leader in several sub-segments of the Anti-Infective Therapeutic segment. Over the last two to three years, it has invested heavily in increasing its revenue contribution from chronic therapies & regulated markets, which are high margins businesses
- * The company has increased its revenues from the chronic segment from 45% to over 55% currently over the last year growing the chronic segment at over 20%, 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 has guided to increase the margins by another 100-125bps every year and expect to touch 23-24% EBITDA margins over the next 3-4 years
- * The company has a good mix of ANDA's filed in the US, which we expect would help the company to grow at a CAGR of 20% over FY14-16E. Also it is further looking to establish its own front end in the US by the end of FY16E that would help to increase its margins further.
- * 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	FY14	FY15E	FY16E
Revenue	1,465	1,520	1,863	2,160	2,606
Rev. growth (%)	22.0%	3.7%	22.6%	15.9%	20.7%
EBITDA	219	252	365	448	560
Net profit	130	165	243	306	386
Shares outstanding (crs)	18.9	18.9	18.9	18.9	18.9
Diluted EPS (INR)	6.9	8.8	12.9	16.3	20.5
EPS growth (%)	52.4%	27.0%	47.2%	26.0%	25.9%
Diluted P/E (x)	68.4	53.8	36.6	29.0	23.1
EV/ EBITDA (x)	42.0	36.0	24.6	20.1	16.0
ROCE (%)	26.2%	32.8%	41.6%	44.2%	43.1%
ROE (%)	37.6%	36.8%	41.3%	38.6%	36.3%

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
SBI Magnum Midcap Fund	847.34	1.79	0.165	15.17
ICICI Pru Growth Fund - S..	649.66	2.26	0.160	14.68
ICICI Pru Export and Othe..	565.14	2.36	0.145	13.34
SBI Pharma Fund	369.87	2.88	0.116	10.65
Reliance Pharma Fund	1,171.95	0.76	0.097	8.91

Shareholding Pattern		Bloomberg:	ALPM:IN
Promoters:	74.13	52-week range (INR):	495 / 215
MFs, FIs & Banks:	1.83	Share in issue (Cr):	18.9
FII:	9.62	Mkt cap (INR Cr):	9,024
Others:	14.42	Avg. Daily Vol.BSE/NSE:('000):	277



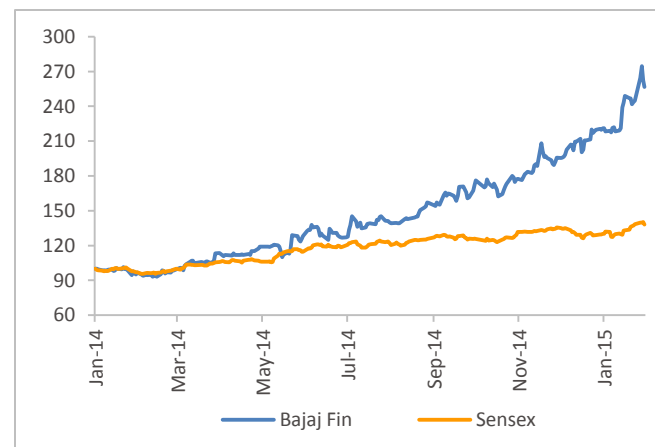


- * Bajaj Finance Limited (BFL), a subsidiary of Bajaj Finserv Ltd., is a leading and diversified NBFC in India. The company has a well-diversified portfolio bouquet with loan book spread across nine business lines and balanced in terms of scale and profitability
- * Over the years, BFL has built pan-India 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 3.6% in FY14, while RoE has jumped from 3.2% in FY09 to 19.6% in FY14
- * The company has maintained healthy asset quality with gross and net NPA of 1.2% and 0.3% in FY14 respectively
- * BFL is maintaining the balance with the profitability (consumer segment) and scalability (infrastructure segment)
- * Valuation: The stock is currently trading at valuation of 3.5x FY16E book value

	FY13	FY14	FY15E	FY16E	FY17E
Net int. income	1,717	2,215	2,898	3,668	4,527
Net profit after tax	591	719	868	1,096	1,333
Adjusted BV per share	492	677	802	880	1,081
Diluted EPS (INR)	119.4	143.7	168.3	189.2	230.1
Gross NPA ratio (%)	1.1	1.2	1.5	1.4	1.3
Net NPA ratio (%)	0.2	0.3	0.5	0.2	0.2
Price/Adj. book value (x)	5.6	4.7	4.0	3.5	2.9
Price/Earnings (x)	31.5	26.2	22.4	19.9	16.4
RoA	4.2	3.6	3.1	3.1	3.0
RoE	22.0	19.6	19.6	19.9	19.5

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Mid-Cap Opportunitie..	9,160.74	2.40	1.014	219.86
Sundaram Select Midcap	2,721.38	3.47	0.435	94.43
SBI Magnum Tax Gain Schem..	5,053.77	1.65	0.385	83.39
IDFC Sterling Equity Fund	1,864.50	4.10	0.353	76.44
Reliance Banking Fund	2,165.81	3.35	0.335	72.55

Shareholding Pattern		Bloomberg:	BAF:IN
Promoters:	61.61	52-week range (INR):	4,492 / 1,460
MFs, FIs & Banks:	6.28	Share in issue (Cr):	4.9
FII:	13.10	Mkt cap (INR Cr):	20,703
Others:	19.01	Avg. Daily Vol.BSE/NSE:(‘000):	26/15



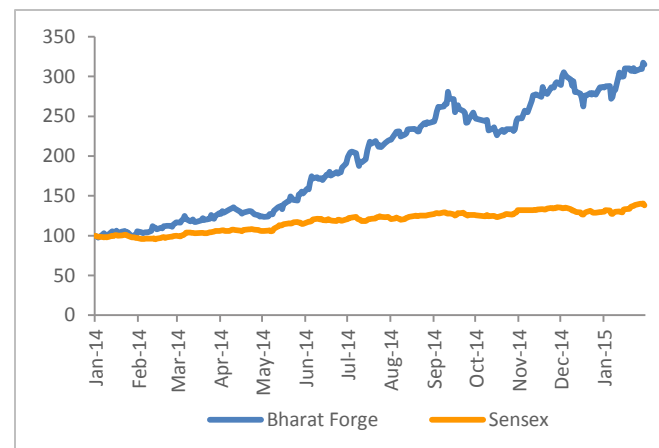


- * Bharat Forge Ltd. (BFL) is a leading supplier of critical components for automotive and non automotive market globally with a well-diversified customer base across all geographies. BFL has ~65% market share in Indian commercial vehicle market and 45% market share in Europe and US in crankshaft and front axle beam, which are its key products.
- * BFL key markets and segments are witnessing growth albeit on a low base. For instance Indian truck market has reported growth of 20% YoY over past months.
- * BFL has taken steps to become AS9100-certified company (pre-condition for aerospace manufacturers/suppliers) and has already achieved NADCAP certification. The aerospace segment is a difficult sector to enter due to the criticality of the components. BFL has built relationships with material suppliers for titanium based products. The company's potential customer could be Airbus, Boeing, GE, Rolls Royce etc. Precision Castparts Corp. of USA, which is also into aerospace casting and forging, does revenue of ~USD 9 bn and EBITDA margins of ~30%.
- * With low capex spends expected over the next 2-years, significant reduction in debt and improvement in machining mix (higher margins), we expect BFL earnings to grow by 42% CAGR over FY14-FY16E .Improving demand in Europe, subsidiary utilization level will improve and operating leverage benefit will kick in further.

Year to March	FY12	FY13	FY14	FY15E	FY16E
Revenue (crs)	6,279	5,702	6,716	7,329	8,467
Rev. growth (%)	23%	-9%	18%	9%	16%
EBITDA (crs)	996	827	1,027	1,463	1,695
Net profit (crs)	413	285	418	706	863
Shares outstanding (crs)	23.3	23.3	23.3	23.3	23.3
Diluted EPS (INR)	17.7	12.2	17.9	30.3	37.1
EPS growth (%)	42%	-31%	47%	69%	22%
Diluted P/E (x)	58.3	102.2	59.0	34.7	28.4
EV/ EBITDA (x)	25.5	30.8	24.8	17.4	15.0
ROCE (%)	22%	14%	18%	29%	33%
ROE (%)	19%	10%	16%	24%	24%

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):	1,052 / 322
MFs, FIs & Banks:	15.12	Share in issue (Cr):	23.3
FII:	16.62	Mkt cap (INR Cr):	24,266
Others:	21.52	Avg. Daily Vol.BSE/NSE:(‘000):	60/368





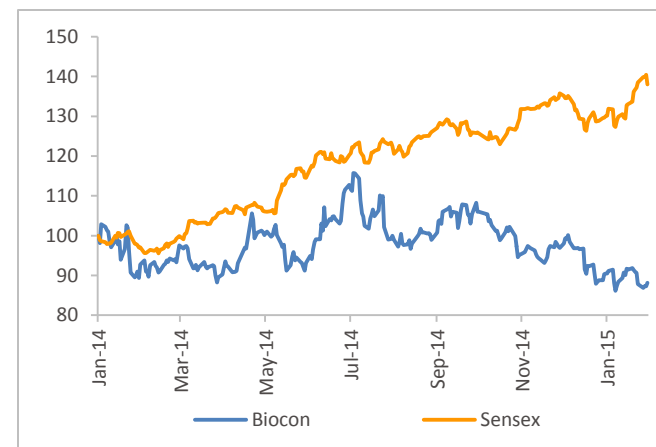
- * Biocon Ltd is the largest biologics company in India and 4th largest insulin player in the world.
- * Biocon has a strategic collaboration with Mylan to develop and manufacture eight biosimilars for various markets, which together have a market opportunity of ~USD 50 bn globally. We anticipate 2 of these drugs to be launched in the Emerging Markets and Europe over the next 3-4 years.
- * The company's integrated insulin manufacturing facility in Malaysia is expected to be commissioned by end of FY15. This would expand its rh-insulin market to 55 countries, which it is currently marketing in only 20 countries due to capacity constraints.
- * Its research services arm Syngene currently has eight molecules under late stage development, five of which are under Phase III, which can potentially lead to supply contracts from the innovator on commercialization. Syngene also has multi-year contracts with BMS, Abbott and Baxter International which gives us comfort of a steady revenue flow going forward.
- * Biocon's domestic formulations business remains a cash cow for the company and is expected to grow at a CAGR of 25% over FY14-16E on the back of sustained focus on its key therapies of diabetology, oncology and nephrology.
- * The company has started filing for ANDA's in the US market by leveraging its current API portfolio, which is expected to contribute to revenues post FY18.

	FY12	FY13	FY14	FY15E	FY16E
Revenue	2,087	2,485	2,877	2,997	3,337
Rev. growth (%)	-24.7%	19.1%	15.8%	4.2%	11.3%
EBITDA	517	570	725	662	746
Net profit	323	334	452	393	425
Shares outstanding (crs)	20.0	20.0	20.0	20.0	20.0
Diluted EPS (INR)	16.2	16.9	23.4	19.6	21.2
EPS growth (%)	-13.9%	4.6%	38.7%	-16.2%	8.1%
Diluted P/E (x)	30.1	29.2	21.6	24.8	22.9
EV/ EBITDA (x)	18.3	16.4	13.5	14.7	12.9
ROCE (%)	15.6%	16.0%	16.7%	12.6%	12.5%
ROE (%)	15.6%	20.2%	14.1%	11.9%	11.5%

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
Birla Sun Life Tax Relief..	1,903.66	2.02	0.468	38.45
Reliance Long-Term Equity..	2,197.27	1.45	0.388	31.86
Reliance Pharma Fund	1,171.95	2.36	0.337	27.66
Reliance Small Cap Fund	1,455.08	1.46	0.259	21.24
IDFC Arbitrage	2,144.62	0.98	0.256	21.02

Shareholding Pattern	
Promoters:	61.02
MFs, FIs & Banks:	7.60
FIIIs:	10.62
Others:	20.76

Bloomberg: BIOS:IN	
52-week range (INR):	554 / 402
Share in issue (Cr):	14
Mkt cap (INR Cr):	8,197
Avg. Daily Vol.BSE/NSE:('000):	1146



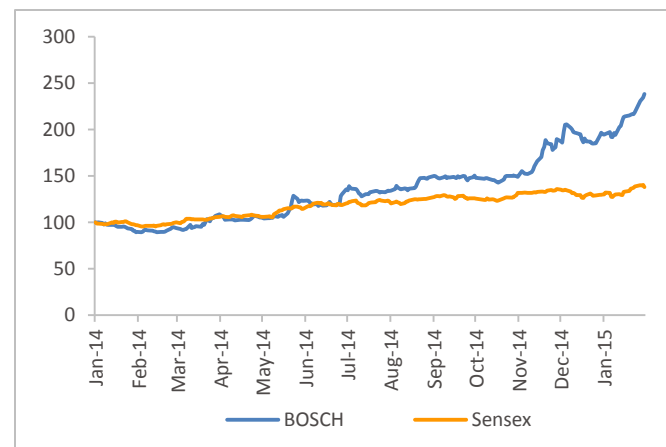


- * Bosch Ltd. is the listed Indian subsidiary of the Robert Bosch Group. The company is the market leader in diesel engine systems with a market share of ~80% in India (85% + market share in CVs).
- * We expect the company to sustain its market leadership due to 1) Economies of scale/higher localization Vs peers 2) Significant presence in after-markets 3) 50% more global R&D spend Vs nearest competitor, and 4) Ability to customize global products as per Indian requirements.
- * The India-wide change in emission norms from BS III to BS IV (implementable from 2017) will result in an additional opportunity of INR 4000 cr+ (on current industry sales) as a result of the upgradation in existing diesel fuel technology (from direct injection to CRDi) and the introduction of new after-treatment products (SCR/LNT).
- * We expect EBITDA margin expansion given the disproportionate growth in realisation due to advancement of technology. Bosch global makes 70% gross margins while Bosch India makes 45% gross margins.
- * Further upside to the EPS exists due to 1) GST implementation and narrowing price differential between organised and unorganised (Spares sales contribute 23% to Bosch Sales) 2) New product introduction (E Clutch) 3) Higher than expected growth for MHCV 4) Volvo and Daimler engine capacity coming up will increase opportunity size for Bosch by 1.5 lac units (on a higher realisation).
- * With implementation of BSIV opportunity and revival in key user segments (PV, CV) Bosch EPS in CY17E should be INR 1000/share, a CAGR of 37% over CY14E-CY17E.

	CY12	CY13	CY14E	CY15E	CY16E
Revenue	8,659	8,820	9,910	11,791	13,946
Rev. growth (%)	6%	2%	12%	19%	18%
EBITDA	1,351	1,337	1,712	2,083	2,663
Net profit	862	859	1,216	1,457	1,858
Shares outstanding (crs)	3.14	3.14	3.14	3.14	3.14
Diluted EPS (INR)	274.4	273.7	387.4	464.1	591.7
EPS growth (%)	-15%	-8%	37%	20%	27%
Diluted P/E (x)	88.6	88.9	62.8	52.4	41.1
EV/EBITDA (x)	53.5	54.1	42.2	34.7	27.1
ROCE (%)	72.6%	62.9%	81.3%	79.7%	78.0%
ROE (%)	16.7%	14.5%	17.9%	18.4%	19.9%

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
Birla Sun Life Frontline ..	7,886.36	1.73	0.187	136.43
IDFC Premier Equity Fund	6,803.18	1.74	0.162	118.38
HDFC Top 200 Fund	13,820.17	0.70	0.132	96.74
UTI-Equity Fund	3,963.59	2.36	0.128	93.54
SBI Magnum Tax Gain Schem..	5,053.77	1.85	0.128	93.49

Shareholding Pattern		Bloomberg:	BOS IS
Promoters:	71.18	52-week range (INR):	23,989/ 8,810
MFs, FIs & Banks:	11.76	Share in issue (Crs):	3.1
FIs:	6.85	Mkt cap (INR Crs):	73,593
Others:	10.21	Avg. Daily Vol.BSE/NSE:(‘000):	2/11



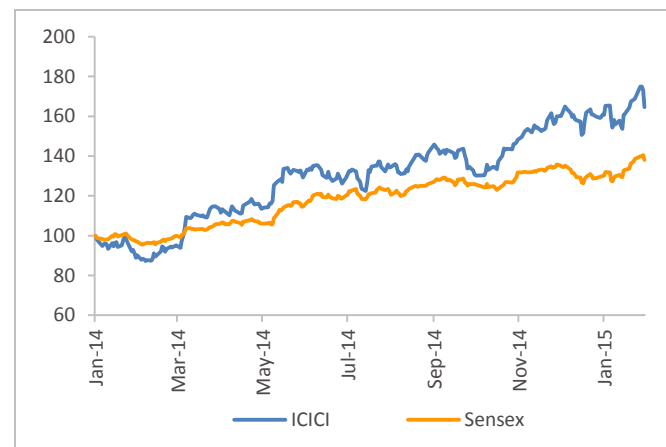


- * ICICI Bank is India's largest private sector bank with total asset of INR 4.7tn. The loan book is expected to grow at 20% CAGR over next few years driven by retail segment and working capital related corporate loans
- * Average CASA is 38-40% which keeps cost of funds low and add to net interest 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 264 per share, the stock trades at 2.2x FY16 adj.book

	FY12	FY13	FY14	FY15E	FY16E
Net int. income	10,734	13,866	16,475	18,888	22,043
Net profit after tax	6,465	8,325	9,810	11,393	12,926
Adjusted BV per share	80.9	91.6	102	114.3	130.6
Diluted EPS (INR)	11.2	14.4	16.9	19.7	22.3
Gross NPA ratio (%)	3.3	3.0	2.9	3.4	3.1
Net NPA ratio (%)	0.7	0.7	0.9	1.2	0.9
Price/book value (x)	4.4	3.9	3.5	3.1	2.7
Price/Earnings (x)	32.1	24.9	21.2	18.2	16.1
ROAE (%)	11.1	13.0	14.0	14.7	15.0
ROA (%)	1.5	1.7	1.8	1.9	1.9

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):	393 / 189
MFs, FIs & Banks:	21.53	Share in issue (Cr):	115
FIs:	41.74	Mkt cap (INR Cr):	2,20,302
Others:	36.73	Avg. Daily Vol.BSE/NSE:(‘000):	5075



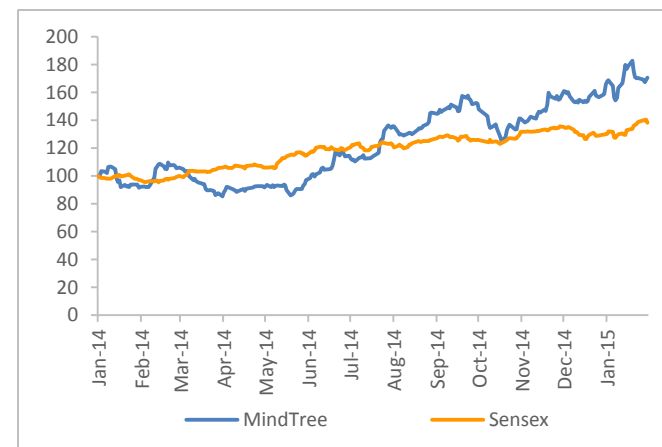


- * Mindtree's three-pronged strategy of higher mining of existing clients, focusing on existing businesses and improving operational efficiencies seems to be working. This is clearly visible in USD revenue CAGR of 25% over FY11-13 and margin improvement of 725bps over the same period.
- * Mindtree has 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 21.0x FY15E and at P/E of 18.1x FY16E

	FY12	FY13	FY14	FY15E	FY16E
Revenue	1,915	2,362	3,032	3,549	4,081
Rev. growth (%)	26.9	23.3	28.4	17.0	15.0
EBITDA	293	486	610	724	789
Net profit	219	339	451	550	647
Shares outstanding (crs)	8.1	8.3	8.3	8.7	8.8
Diluted EPS (INR)	26.8	40.8	54.2	63.3	73.5
EPS growth (%)	115.5	52.1	32.9	16.7	16.2
Diluted P/E (x)	49.5	32.6	24.5	21.0	18.1
EV/ EBITDA (x)	37.0	22.3	17.6	15.2	13.7
ROCE (%)	24.7	36.0	35.2	32.9	28.4
ROE (%)	25.1	29.8	30.5	29.5	27.6

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Mid-Cap Opportunitie..	9,160.74	2.13	1.802	195.12
ICICI Pru Value Discovery..	8,075.20	1.59	1.186	128.40
Franklin India Prima Fund	3,065.46	2.68	0.759	82.15
HDFC Balanced Fund	3,087.46	1.75	0.499	54.03
IDFC Sterling Equity Fund	1,864.50	2.60	0.448	48.48

Shareholding Pattern		Bloomberg:	MTCL:IN
Promoters:	13.74	52-week range (INR):	1,428 / 649
MFs, FIs & Banks:	7.91	Share in issue (Crs):	4.4
FIIIs:	39.93	Mkt cap (INR Crs):	10,925
Others:	38.42	Avg. Daily Vol.BSE/NSE:(‘000):	277



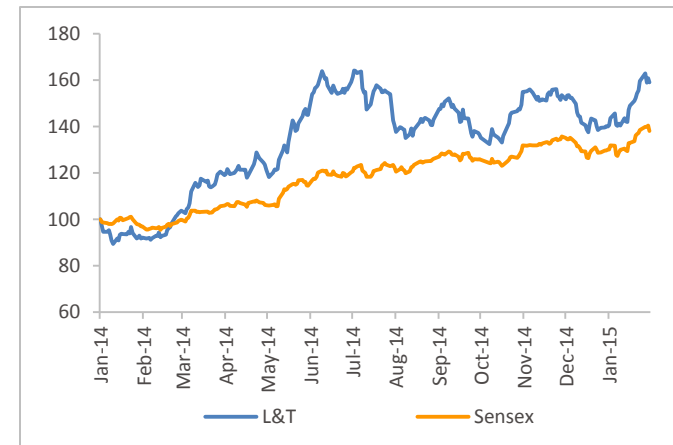


- * L&T is India's largest infrastructure and EPC company with presence across major verticals like process, hydrocarbons, power, core infrastructure like roads, ports, bridges, industrial structures etc. It has a dominant position and market share in most operating verticals like oil & gas, process 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 10-15% growth in consolidated revenue in FY15. The current consolidated order backlog of INR 2.14 lakh crore (2.5x FY14 consolidated 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	95,701	116,441
Rev. growth (%)	23.4	15.8	14.2	12.4	21.6
EBITDA	8,883	9,859	10,754	11,903	14,742
Net profit	4,625	4,831	4,520	4,687	6,210
Shares outstanding (crs)	92	92	92	92	92
Diluted EPS (INR)	50.1	51.5	49.1	50.3	66.7
EPS growth (%)	5.2	2.9	-5.0	2.5	32.5
Diluted P/E (x)	33.9	32.9	34.6	33.7	25.4
EV/ EBITDA (x)	4.3	5.4	6.8	7.3	6.5
ROCE (%)	10.1	9.7	8.7	7.7	8.8
ROE (%)	17.0	15.1	12.7	11.8	14.2

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Equity Fund	18,017.70	6.24	0.713	1,124.30
HDFC Top 200 Fund	13,820.17	4.06	0.356	561.10
Reliance Equity Opportuni..	10,670.28	2.80	0.189	298.77
HDFC Prudence Fund	8,081.11	3.23	0.166	261.02
ICICI Pru Focused Bluechi..	8,386.90	2.73	0.145	228.96

Shareholding Pattern		Bloomberg:	LT :IN
Promoters:	–	52-week range (INR):	1,777 / 965
MFs, FIs & Banks:	36.12	Share in issue (Cr):	92
FII:	18.07	Mkt cap (INR Cr):	1,60,124
Others:	45.81	Avg. Daily Vol.BSE/NSE:(‘000):	836.7



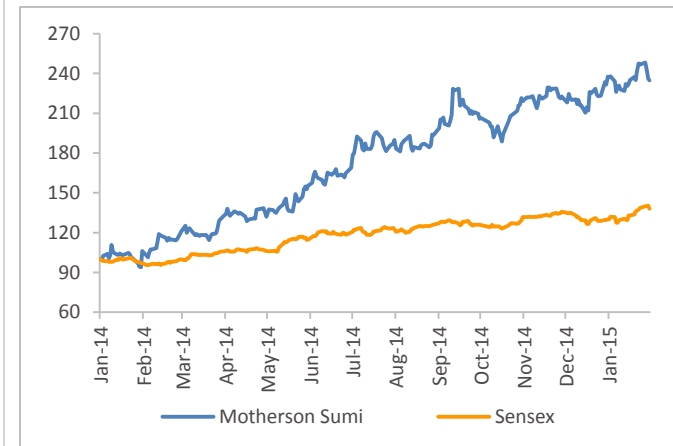


- * Motherson Sumi Systems Ltd. (MSSL) is a global auto component supplier with market leading position in wiring harness (65% MS in India), rear view mirrors (22% Global MS) and polymer components (Bumpers, Dashboards etc). International revenue accounts for 87% of revenues
- * The Management has significantly 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 with few players globally.
- * 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

	FY12	FY13	FY14	FY15E	FY16E
Revenue	14,862	25,567	30,658	35,274	45,757
Rev.growth (%)	80%	72%	20%	15%	30%
EBITDA	948	1,782	2,815	3,342	5,618
Net Profit	280	457	910	1,095	1,965
Shares outstanding (Crs)	88.20	88.20	88.20	88.20	88.20
Diluted EPS (INR)	3.2	5.2	10.3	12.4	22.3
EPS growth (%)	-19%	63%	99%	20%	79%
Diluted P/E (x)	142.5	87.3	43.8	36.4	20.3
EV/EBITDA (x)	56.5	34.0	23.7	19.9	12.7
ROCE (%)	13.6%	16.8%	29.4%	32.2%	52.5%
ROE (%)	10.3%	18.3%	38.6%	34.9%	49.1%

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
ICICI Pru Focused Bluechi..	8,386.90	2.59	0.529	217.22
Birla Sun Life Frontline ..	7,886.36	2.06	0.396	162.46
AXIS Long Term Equity Fun..	3,594.86	2.88	0.252	103.53
ICICI Pru Balanced Advant..	5,006.26	1.11	0.135	55.57
DSP BR Top 100 Equity Fun..	3,510.01	1.50	0.128	52.65

Shareholding Pattern		Bloomberg:	MSS:IN
Promoters:	65.59	52-week range (INR):	461 / 178
MFs, Fls & Banks:	5.13	Share in issue (Crs):	88.2
FIIIs:	18.23	M cap (INR Crs):	39,271
Others:	11.05	Avg. Daily Vol.BSE/NSE:(‘000):	45/420





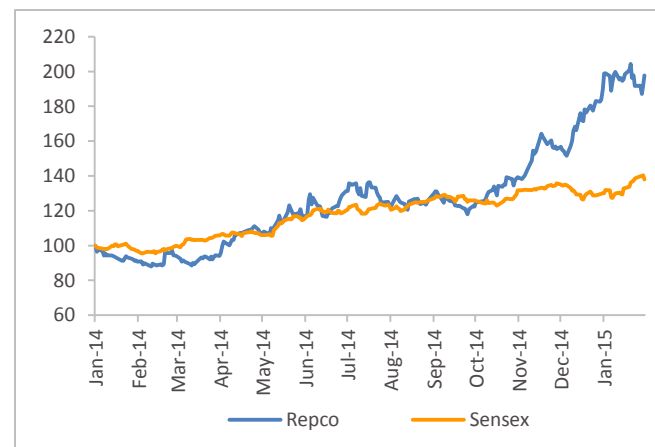
- * Repco Home Finance Limited (RHF), promoted by Repco Bank Ltd., is a dedicated Tier II and Tier III cities focused housing finance company in India
- * RHF, since inception has focused on under-served and under-penetrated areas. The average ticket size of the company's loan is INR 9.8 lakhs
- * During the last five years, loan book have grown at a CAGR of 38% from INR 655 cr. in FY08 to INR 4,661 cr. in FY14 while PAT has also grown by 38% CAGR from INR 15.6 cr. to INR 110 cr. in FY14
- * RHF has zero builder/developer loan. In addition, the company has maintained healthy asset quality with Gross and net NPA of 2.5% and 1.6% as on June 2014
- * 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 (24.95% capital adequacy ratio)
- * The stock is currently trading at attractive valuation of 4.3 FY16E book value

	FY13	FY14	FY15E	FY16E
Net int. income	125	190	240	306
Net profit after tax	80	110	130	165
Adjusted BV per share	98.1	108.3	125.9	148.9
Diluted EPS (INR)	12.6	17.6	20.8	26.5
Gross NPA ratio (%)	1.5	1.5	1.6	1.7
Net NPA ratio (%)	1	0.7	0.7	0.7
Price/Adj. book value (x)	7.0	6.3	5.4	4.6
Price/Earnings (x)	54.5	39.2	33.2	26.1
RoA	2.4	2.6	2.4	2.4
RoE	17.0	16.5	17.2	18.6

FY16 projections not available

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
Franklin India Prima Fund	3,065.46	2.61	1.960	80.01
DSP BR Micro-Cap Fund	1,764.33	3.19	1.379	56.28
Franklin India Smaller Co..	1,773.73	2.75	1.195	48.78
SBI Magnum Global Fund	1,737.58	2.67	1.137	46.39
ICICI Pru Banking & Finan..	676.26	5.56	0.921	37.60

Shareholding Pattern		Bloomberg:	REPCO:IN
Promoters:	37.26	52-week range (INR):	724 / 303
MFs, FIs & Banks:	16.52	Share in issue (Cr):	62.2
FIs:	30.06	Mkt cap (INR Cr):	4,178
Others:	16.16	Avg. Daily Vol.BSE/NSE:(‘000):	33/5



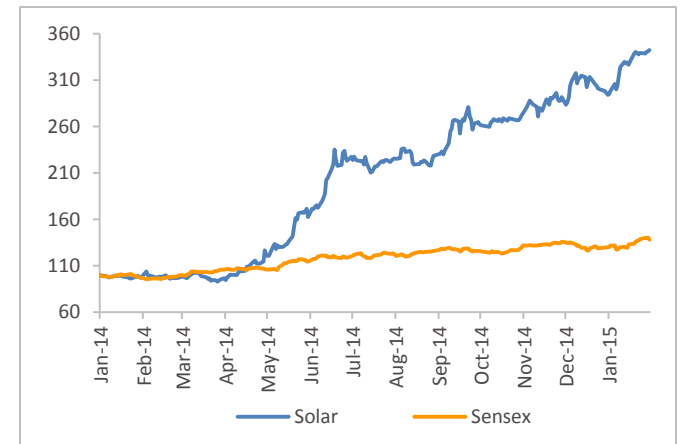


- * Solar Industries Ltd. (SIL) is the market leader with 30% market share in the domestic industrial explosives segment and the largest Indian exporter and is poised to sustain its fast-paced growth on back of its leadership position and high entry barriers in explosive industry.
- * The company expanding 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 19.6x its FY16E earnings.

Year to March	FY12	FY13	FY14	FY15E	FY16E
Revenue (crs)	967	1121	1132	1372	1736
Rev. growth (%)	42.1	15.9	0.9	21.1	26.4
EBITDA (crs)	171	189	202	263	344
Net profit (crs)	108	136	139	178	239
Shares outstanding (crs)	1.8	1.8	1.8	1.8	1.8
Diluted EPS (INR)	56.5	69.8	70.9	87.7	118.6
EPS growth (%)	43.9	23.3	1.6	23.6	35.2
Diluted P/E (x)	54.7	44.3	43.6	35.3	26.1
EV/ EBITDA (x)	32.9	30.9	29.4	22.4	17.1
ROCE (%)	25.0	19.8	16.4	19.3	23.6
ROE (%)	27.2	25.8	20.8	21.8	24.3

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Mid-Cap Opportunitie..	9,160.74	1.94	3.166	177.72
HDFC Tax Saver Fund	5,062.25	1.14	1.028	57.71
Birla Sun Life Midcap Fun..	1,497.58	3.84	1.025	57.51
HDFC Balanced Fund	3,087.46	1.65	0.908	50.94
DSP BR Micro-Cap Fund	1,764.33	2.43	0.764	42.87

Shareholding Pattern		Bloomberg:	SOXP:IN
Promoters:	72.91	52-week range (INR):	3,175 / 840
MFs, FIs & Banks:	18.14	Share in issue (Cr):	1.8
FIs:	0.77	Mkt cap (INR Cr):	5,606
Others:	8.18	Avg. Daily Vol.BSE/NSE:(‘000):	15



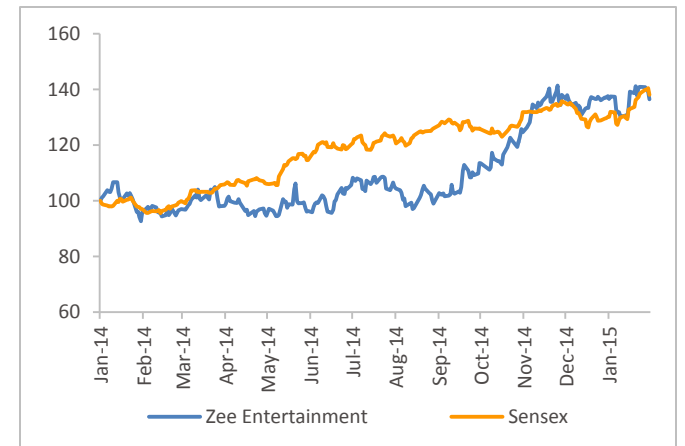


- * ZEE is India's oldest private cable television broadcaster and one of the largest media companies in India. Besides Zee TV and Zee Cinema, the company has an attractive bouquet of regional channels. The company has 650mn viewers in total all over the globe
- * ZEE will be a major beneficiary of digitization, 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
- * The recent launches by the company have lived up to the expectations and new launches in the past one year like & pictures have done well. The new channel launches in the industry will increase the fragmentation and aid in Zee's growth
- * As of H1-FY14, subscription revenues contributed ~44% to ZEE's total revenues. We expect subscription revenues to contribute ~38% to ZEE's total revenues by FY16. ZEE's international revenues will further add to the company's profitability prospects
- * The company has strong balance sheet with cash of INR 1400 crore on books. Zee had merged the media business of DMCL with itself to drive synergy and avail tax benefits.
- * At the CMP the stock trades at a PE multiple of 35.1x FY16E earnings

	FY12	FY13	FY14	FY15E	FY16E
Revenue	3,040	3,699	4,421	4,762	5,543
Rev. growth (%)	1.0	21.6	19.5	7.7	16.4
EBITDA	739	954	1204	1300	1380
Net profit	590	718	890	969	1040
Shares outstanding (crs)	95	95	95	95	95
Diluted EPS (INR)	6.1	7.5	9.2	8.6	9.3
EPS growth (%)	-3.0	22.7	23.2	-7.0	8.6
Diluted P/E (x)	61.3	49.9	40.5	43.6	40.1
EV/ EBITDA (x)	47.4	36.3	30.7	27.9	26.1
ROCE (%)	28.4	32.0	33.0	29.7	27.5
ROE (%)	18.0	19.6	26.8	32.2	28.6

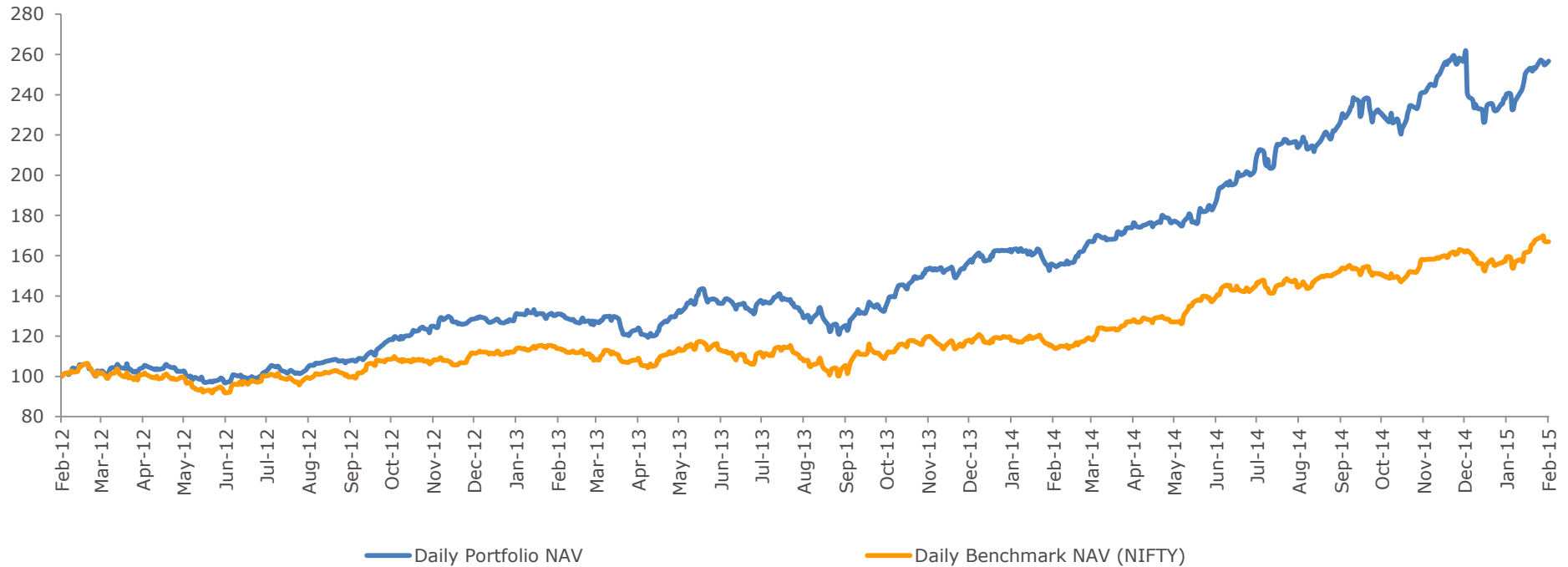
Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Top 200 Fund	13,820.17	0.64	0.238	88.45
Birla Sun Life Tax Relief..	1,903.66	2.66	0.136	50.64
Birla Sun Life Frontline ..	7,886.36	0.56	0.119	44.16
HDFC Mid-Cap Opportunitie..	9,160.74	0.44	0.108	40.31
AXIS Equity Fund	1,512.72	1.94	0.079	29.35

Shareholding Pattern		Bloomberg:	Z:IN
Promoters:	43.07	52-week range (INR):	402 / 254
MFs, FIs & Banks:	0.97	Share in issue (Cr):	96
FII:	51.91	Mkt cap (INR Cr):	37,076
Others:	4.05	Avg. Daily Vol.BSE/NSE:('000):	483/2538





Edelweiss Top Picks NAV: At INR 256 vs Nifty NAV of INR 167



- * Edelweiss Top Picks have delivered a CAGR return of 37% since inception as against Nifty CAGR return of 19%, translating into an outperformance of 18% (p.a)
- * On an annualized basis (last 12 months), Top Picks have delivered a return of 66% per annum as against Nifty return of 46%.

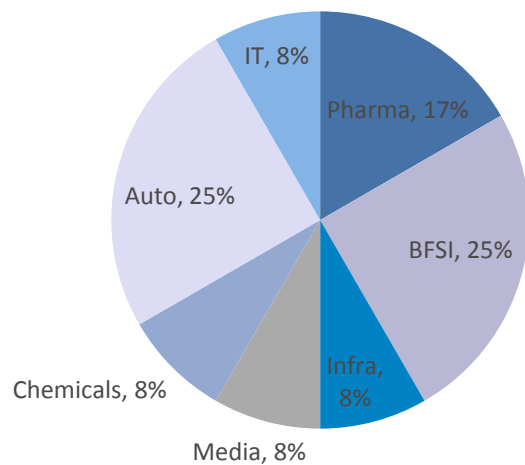
Top Picks Performance



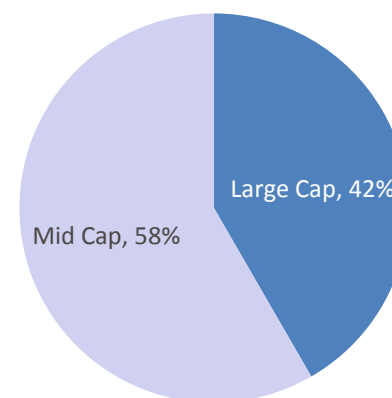
Top Picks Portfolio Performance

Parameters	1 M	3 M	6 M	9M	12 M	ITD (CAGR) ##
Portfolio Returns	6.8%	5.4%	18.4%	45.7%	66.2%	36.9%
Benchmark Returns	4.8%	5.5%	14.5%	31.3%	46.6%	18.6%
Volatility	17.3%	23.1%	21.3%	19.9%	18.1%	16.5%
Benchmark Volatility	18.5%	14.2%	13.3%	13.9%	13.1%	15.5%
Sharpe Ratio	4.27	0.59	1.35	2.67	4.44	4.71
Information Ratio	1.78	(0.02)	0.37	1.19	1.31	4.04

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%
Aug-14	United Spirits	2499.1	2380.3	-4.8%
Jan-15	Hindalco	156	158	1.3%

Stocks Under Coverage



Stock	Sectors	Release Date	Reco Price	CMP	Return
TTK Prestige	Consumption	Apr-10	900	3,315	268%
Whirlpool	Consumption	Apr-10	300	711	137%
Symphony Ltd	Consumption	Apr-10	184	2,292	1146%
Bajaj Finance Limited	BFSI	Feb-12	810	4,160	414%
City Union Bank Limited	BFSI	Feb-12	35	93	166%
GRUH Finance Limited	BFSI	Apr-12	133	267	101%
Kajaria Ceramics Limited	Consumption	Apr-12	130	729	461%
Tube Investments of India Limited	Auto & Auto Ancillary	Apr-12	141	369	161%
Alembic Pharmaceuticals Limited	Pharma	Apr-12	47	473	907%
Vinati Organics Limited	Chemicals	May-12	86	541	529%
Karur Vysya Bank Limited	BFSI	Jun-12	390	589	51%
Jammu & Kashmir Bank Limited	BFSI	Jul-12	82.5	151	83%
Astral Poly Technik Limited	Consumption	Aug-12	115	385	235%
Amara Raja Batteries Limited	Auto & Auto Ancillary	Aug-12	188	893	375%
Dishman Pharmaceuticals and Chemicals Limited	Pharma	Sep-12	86	160	85%
MindTree Limited	IT	Oct-12	337	1,331	295%
V-Guard Industries Limited	Consumption	Jul-12	240	1,006	319%
TV18 Broadcast Limited	Media	Nov-12	23	35	53%
Prestige Estates Projects Limited	Real Estate	Dec-12	163	263	62%
WABCO India Limited	Auto & Auto Ancillary	Jan-13	1620	5,282	226%
Madras Cements Limited	Cement	Jan-13	240	366	53%
KPIT Cummins Infosystems Limited	IT	Jan-13	110	212	93%
Sobha Developers Limited	Real Estate	Feb-13	430	469	9%
Bharat Forge	Auto & Auto Ancillary	April-13	230	1,066	363%
La Opala RG Limited	Consumption	June-12	105	429	309%
Development Credit Bank Ltd	BFSI	May-13	47.6	121	155%

Stock	Sectors	Release Date	Reco Price	CMP	Return
J K Lakshmi Cement Ltd	Cement	June-13	106	398	275%
Kewal Kiran Clothing Ltd	Consumption	July-13	820	1769	116%
NIIT Technologies Ltd	IT	Sep-13	275	351	28%
Elgi Equipments	Capital Goods	Sep13	78	166	113%
Motherson Sumi Systems Ltd	Auto & Auto Ancillary	Sep-13	157	447	185%
Pidilite Industries	Consumption	Sep13	258	545	111%
Unichem Lab	Pharma	Oct-13	170	217	27%
Engineers India Ltd	Capital Goods	March-14	149	218	47%
Mayur Uniquoters Limited	Consumption	March-14	485	476	-2%
Natco Pharmaceutical Ltd	Pharma	March-14	750	1365	82%
Va Tech Wabag Ltd	Capital Goods	March-14	695	1562	125%
Finolex industries	Consumer Durable	April-14	120	293	144%
Cholamandalam Investment	BFSI	April-14	290	541	87%
Ratnamani Metals and Tubes Ltd	Capital Goods	May-14	235	742	216%
NBCC	Infra	May-14	243	892	267%
Finolex industries	Capital Goods	April-14	185	293	58%
CAN FIN Homes	BFSI	May-14	265	626	136%
Biocon Ltd	Pharma	July-14	477	422	-11%
Adi Finechem Ltd	Chemicals	July-14	229	362	58%
V-Mart Retail Ltd	Consumption	Sept-14	540	534	-1%
Poly Medicare	Medical Accessories	Sep-14	610	505	-17%
KNR Constructions Ltd	Infra	Sep-14	253	403	59%
Hester Biosciences Ltd	Pharma	Sep-14	435	347	-20%
MT Educare Ltd	Education	Oct-14	138	121	-13%
Apollo Tyre Ltd	Auto Ancillary	Nov-14	233	243	4%
MRF Ltd	Auto Ancillary	Nov-14	32635	40218	23%
Suprajit Engineering Ltd	Auto Ancillary	Nov-14	121	155	28%
Bosch Ltd	Auto Ancillary	Nov-14	15200	24975	64%
Indo Count Industries Ltd	Textile	Dec-14	339	423	25%



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