

Top Picks

January 2015





Our Stock Ideas are backed by thorough Research and Analysis



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	445	8,307	27.1	21.5	18.8	14.9	38.6	36.3
2	Bajaj Finance Ltd	3530	17,347	23.1	17.7	NM	NM	19.5	20.5
3	Bharat Forge Ltd	945	21,813	28.0	22.9	14.2	12.2	23.8	24.1
4	Biocon Ltd.	426	8,489	17.1	15.2	10.6	9.0	14.9	14.5
5	Bosch Ltd	19,615	61,591	42.3	33.2	27.6	21.6	18.0	20.0
6	ICICI Bank Ltd	352	2,02,833	17.6	15	NM	NM	14.8	15.5
7	Mindtree Ltd	1293	10,305	19.5	17.4	11.8	10.6	29.5	26.7
8	Larsen & Toubro Ltd	1494	1,39,165	29.7	22.4	7.3	6.5	11.8	14.2
9	Motherson Sumi Systems	459	39,271	36.8	20.5	20.2	12.8	34.9	49.1
10	Repco Home Finance	665	4,006	30.8	24.2	NM	NM	17.2	18.6
11	Solar Industries India Ltd	2696	4,859	30.4	21.5	19	14	21.8	25.3
12	Zee Entertainment Enterprises Ltd	381	36,361	44.4	35.1	28.3	22.8	31.9	31.9

Prices updated as on 31st December 2014

NM- Not meaningful

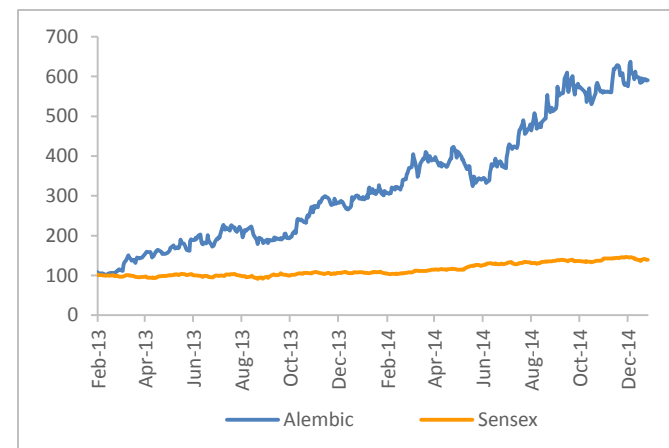


- * Alembic Pharma, is a leader in several sub-segments of the Anti-Infective Therapeutic segment. Over the last two to three years, it has invested heavily in increasing its revenue contribution from chronic therapies & regulated markets, which are high margins businesses
- * The company has increased its revenues from the chronic segment from 45% to over 55% currently over the last year growing 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)	63.8	50.3	34.2	27.1	21.5
EV/ EBITDA (x)	39.3	33.7	23.0	18.8	14.9
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 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):	469 / 207
MFs, FIs & Banks:	1.68	Share in issue (Cr):	18.9
FII:	9.44	Mkt cap (INR Cr):	8,307
Others:	14.75	Avg. Daily Vol.BSE/NSE:(‘000):	277



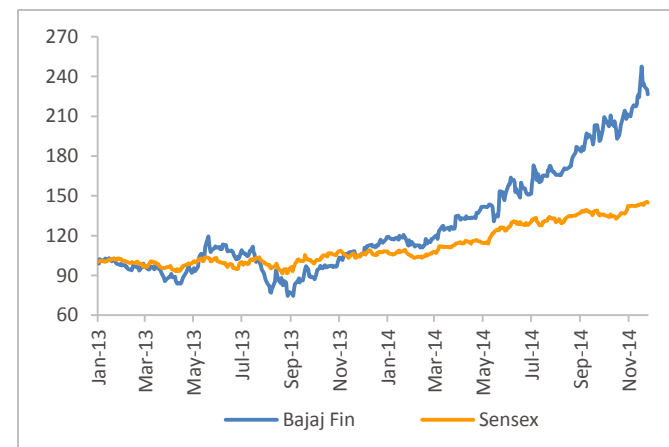


- * Bajaj Finance Limited (BFL), a subsidiary of Bajaj Finserv Ltd., is a leading and diversified NBFC in India. The company has a well-diversified portfolio bouquet with loan book spread across nine business lines and balanced in terms of scale and profitability
- * Over the years, BFL has built pan-India 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 3.3x FY16E book value

	FY12	FY13	FY14	FY15E	FY16E
Net int. income	1,250	1,717	2,215	2,806	3,599
Net profit after tax	406	591	719	881	1,152
Adjusted BV per share	492	677	802	880	1,081
Diluted EPS (INR)	95.3	119.4	143.7	153.1	199.5
Gross NPA ratio (%)	1.2	1.1	1.2	1.2	1.2
Net NPA ratio (%)	0.1	0.2	0.3	0.3	0.2
Price/Adj. book value (x)	7.2	5.2	4.4	4.0	3.3
Price/Earnings (x)	37.0	29.6	24.6	23.1	17.7
RoA	4.1	4.2	3.6	3.3	3.5
RoE	24.0	22.0	19.6	19.5	20.5

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):	3,536 / 1,460
MFs, FIs & Banks:	6.85	Share in issue (Cr):	4.9
FII:	12.61	Mkt cap (INR Cr):	17,347
Others:	18.93	Avg. Daily Vol.BSE/NSE:(‘000):	26/15



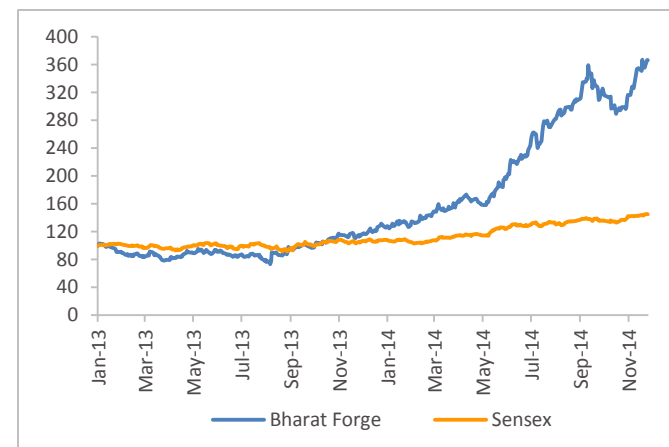


- * Bharat Forge Ltd. (BFL) is a leading supplier of critical components for automotive and non automotive market globally with a well-diversified customer base across all geographies. BFL has ~65% market share in Indian commercial vehicle market and 45% market share in Europe and US in crankshaft and 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 (%)	23.4%	-9.2%	17.8%	9.1%	15.5%
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 (%)	42.4%	-31.0%	46.6%	68.9%	22.3%
Diluted P/E (x)	52.4	82.6	47.7	28.0	22.9
EV/ EBITDA (x)	23.0	25.1	20.2	14.2	12.2
ROCE (%)	22.0%	14.2%	18.1%	29.0%	33.3%
ROE (%)	18.7%	10.0%	16.2%	23.8%	24.1%

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):	1,015 / 318
MFs, FIs & Banks:	15.22	Share in issue (Crs):	23.3
FIIIs:	16.72	Mkt cap (INR Crs):	21,813
Others:	21.32	Avg. Daily Vol.BSE/NSE:(‘000):	60/368



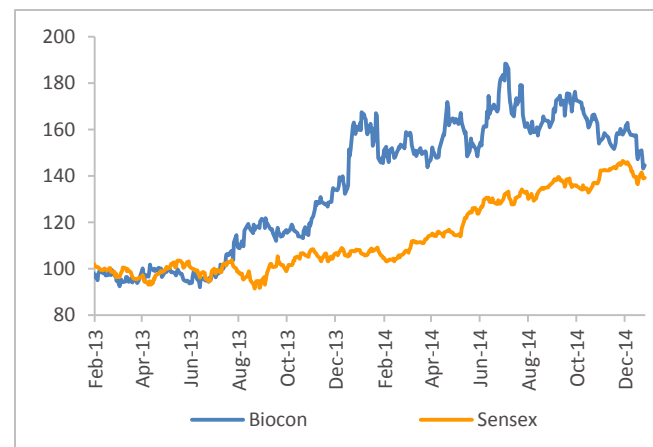


- * Biocon Ltd is the largest biologics company in India and 4th largest insulin player in the world.
- * Biocon has a strategic collaboration with Mylan to develop and manufacture eight biosimilars for various markets, which together have a market opportunity of ~USD 50 bn globally. We anticipate 2 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	3,148	3,657
Rev. growth (%)	-24.7%	19.1%	15.8%	9.4%	16.2%
EBITDA	517	570	725	793	913
Net profit	323	338	469	498	558
Shares outstanding (crs)	20.0	20.0	20.0	20.0	20.0
Diluted EPS (INR)	16.2	16.9	23.4	24.9	27.9
EPS growth (%)	-13.9%	4.6%	38.7%	6.2%	12.2%
Diluted P/E (x)	26.3	25.4	18.8	17.1	15.2
EV/ EBITDA (x)	15.9	14.2	11.8	10.6	9.0
ROCE (%)	15.6%	16.0%	16.7%	15.6%	15.7%
ROE (%)	15.6%	20.2%	14.1%	14.9%	14.5%

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
Birla Sun Life Tax Relief..	1,647	2.7	0.5	44.4
IDFC Sterling Equity Fund	1,573	2.5	0.4	39.9
Reliance Pharma Fund	891	3.4	0.3	30.5
Reliance Long-Term Equity..	1,438	1.6	0.3	23.4
IDFC Arbitrage	1,864	1.0	0.2	20.3

Shareholding Pattern		Bloomberg:	BIOS:IN
Promoters:	60.97	52-week range (INR):	554 / 408
MFs, FIs & Banks:	6.95	Share in issue (Cr):	14
FII:	13.05	Mkt cap (INR Cr):	8,489
Others:	19.03	Avg. Daily Vol.BSE/NSE:(000):	1146



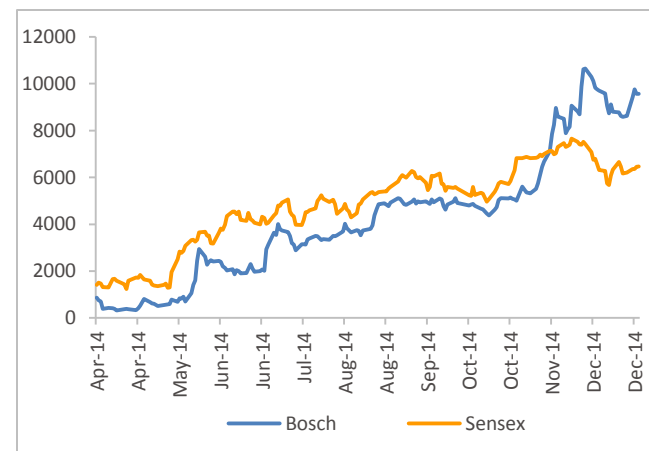


- * Bosch Ltd. is the listed Indian subsidiary of the Robert Bosch Group. The company is the market leader in diesel engine systems with a market share of ~80% in India (85% + market share in CVs).
- * We expect the company to sustain its market leadership due to 1) Economies of scale/higher localization 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	1.9	12.4	19	18.3
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 (%)	-18.1	-0.3	41.6	19.8	27.5
Diluted P/E (x)	71.5	71.7	50.6	42.3	33.2
EV/ EBITDA (x)	42.5	43.0	33.6	27.6	21.6
ROCE (%)	73.0	63.0	81.0	80.0	78.0
ROE (%)	17.0	14.0	18.0	18.0	20.0

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
Birla Sun Life Frontline	7,711	1.7	0.2	133
HDFC Top 200 Fund	14,234	0.9	0.2	122
IDFC Premier Equity Fund	6,639	1.7	0.2	116
SBI Magnum Tax Gain Scheme	5,182	1.8	0.1	91
UTI-Equity Fund	3,961	2.3	0.1	91

Shareholding Pattern		Bloomberg:	BOS IS
Promoters:	71.18	52-week range (INR):	21,150/8,810
MFs, FIs & Banks:	11.87	Share in issue (Cr):	3.1
FII:	7.05	Mkt cap (INR Cr):	61,591
Others:	9.9	Avg. Daily Vol.BSE/NSE:(‘000):	2/11



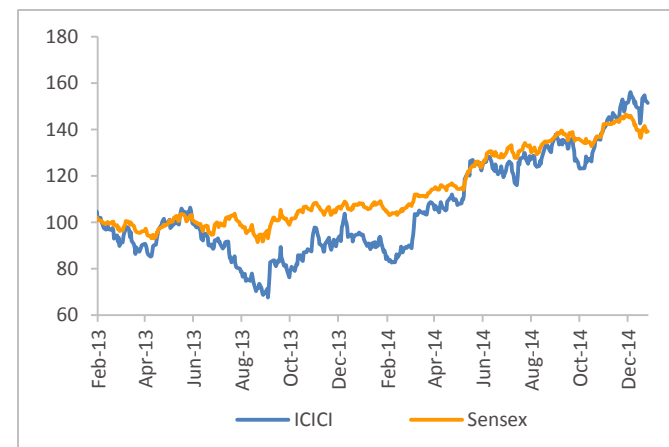


- * ICICI Bank is India's largest private sector bank with total asset of INR 4.7tn. The loan book is expected to grow at 20% CAGR over next few years driven by retail segment and working capital related corporate loans
- * Average CASA is 38-40% which keeps cost of funds low and add to net interest 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	19,004	22,417
Net profit after tax	6,465	8,325	9,810	11,445	13,419
Adjusted BV per share	80.9	91.6	102	116.3	132.8
Diluted EPS (INR)	11.2	14.4	16.9	19.8	23.2
Gross NPA ratio (%)	3.3	3.0	2.9	2.8	2.7
Net NPA ratio (%)	0.7	0.7	0.9	0.8	0.7
Price/book value (x)	3.3	3.0	2.7	2.4	2.2
Price/Earnings (x)	31.2	24.2	20.6	17.6	15.0
ROAE (%)	11.1	13.0	14.0	14.8	15.5
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):	366. / 189
MFs, FIs & Banks:	22.34	Share in issue (Cr):	115
FIs:	41.10	Mkt cap (INR Cr):	2,02,833
Others:	36.56	Avg. Daily Vol.BSE/NSE:(‘000):	5075



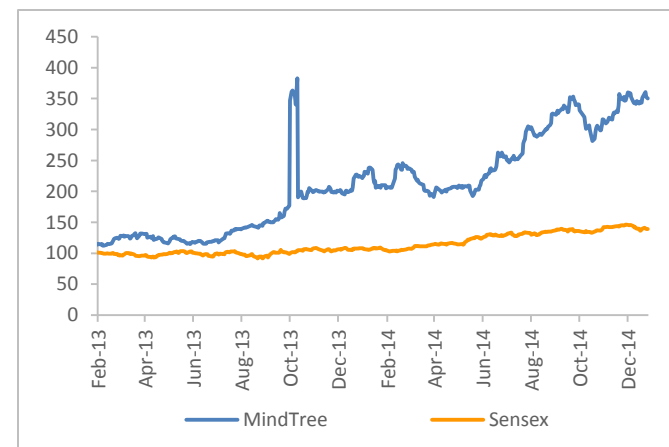


- * Mindtree's three-pronged strategy of higher mining of existing clients, focusing on existing businesses and improving operational efficiencies seems to be working. This is clearly visible in USD revenue CAGR of 25% over FY11-13 and margin improvement of 725bps over the same period.
- * Mindtree has 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 19.5x FY15E and at P/E of 17.4x FY16E

	FY12	FY13	FY14	FY15E	FY16E
Revenue	1,915	2,362	3,032	3,549	3,945
Rev. growth (%)	26.9	23.3	28.4	17.0	11.2
EBITDA	293	486	610	724	790
Net profit	219	339	451	550	624
Shares outstanding (crs)	8.1	8.3	8.3	8.7	8.8
Diluted EPS (INR)	26.8	40.8	54.2	63.3	70.9
EPS growth (%)	115.5	52.1	32.9	16.7	12.1
Diluted P/E (x)	45.9	30.2	22.7	19.5	17.4
EV/ EBITDA (x)	29.2	17.6	13.8	11.8	10.6
ROCE (%)	24.7	36.0	35.2	32.9	28.8
ROE (%)	25.1	29.8	30.5	29.5	26.7

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:	15.71	52-week range (INR):	1,295 / 649
MFs, FIs & Banks:	8.37	Share in issue (Crs):	4.4
FIIIs:	38.77	Mkt cap (INR Crs):	10,305
Others:	37.15	Avg. Daily Vol.BSE/NSE:(‘000):	277



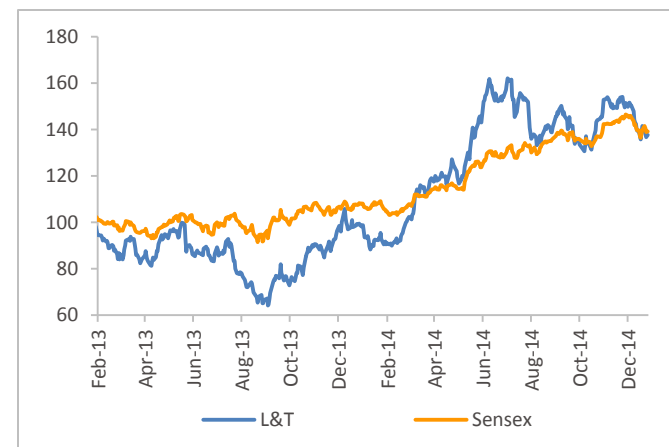


- * L&T is India's largest infrastructure and EPC company with presence across major verticals like process, hydrocarbons, power, core infrastructure like roads, ports, bridges, industrial structures etc. It has a dominant position and market share in most operating verticals like oil & gas, process 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)	29.9	29	30.4	29.7	22.4
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 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 / 952
MFs, FIs & Banks:	35.70	Share in issue (Cr): 92
FII:	18.82	Mkt cap (INR Cr): 1,39,165
Others:	45.48	Avg. Daily Vol.BSE/NSE:(‘000): 836.7



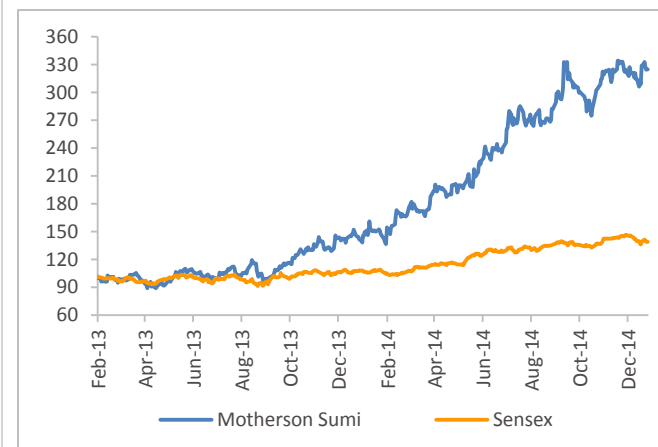


- * Motherson Sumi Systems Ltd. (MSSL) is a global auto component supplier with market leading position in wiring harness (65% MS in India), rear view mirrors (22% Global MS) and polymer components (Bumpers, Dashboards etc). International revenue accounts for 87% of revenues
- * The Management has significantly 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)	88.2	88.2	88.2	88.2	88.2
Diluted EPS (INR)	3.2	5.2	10.3	12.4	22.3
EPS growth (%)	-19.4%	63.3%	99.1%	20.4%	79.4%
Diluted P/E (x)	144.1	88.2	44.3	36.8	20.5
EV/EBITDA (x)	57.0	34.4	23.9	20.2	12.8
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..	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):	461 / 178
MFs, Fls & Banks:	5.79	Share in issue (Crs):	88.2
FIIIs:	16.67	M cap (INR Crs):	39,271
Others:	11.95	Avg. Daily Vol.BSE/NSE:(‘000):	45/420





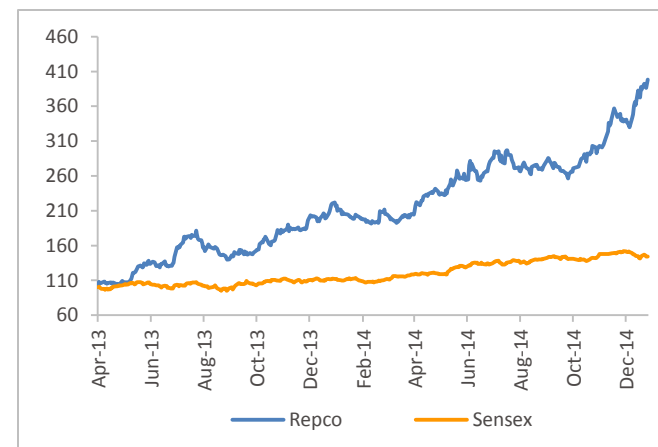
- * Repco Home Finance Limited (RHF), promoted by Repco Bank Ltd., is a dedicated Tier II and Tier III cities focused housing finance company in India
- * RHF, since inception has focused on under-served and under-penetrated areas. The average ticket size of the company's loan is INR 9.8 lakhs
- * During 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)	6.5	5.9	5.1	4.3
Price/Earnings (x)	50.6	36.4	30.8	24.2
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
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):	670 / 303
MFs, FIs & Banks:	16.26	Share in issue (Cr):	62.2
FII:	24.98	Mkt cap (INR Cr):	4,006
Others:	21.39	Avg. Daily Vol.BSE/NSE:(‘000):	33/5



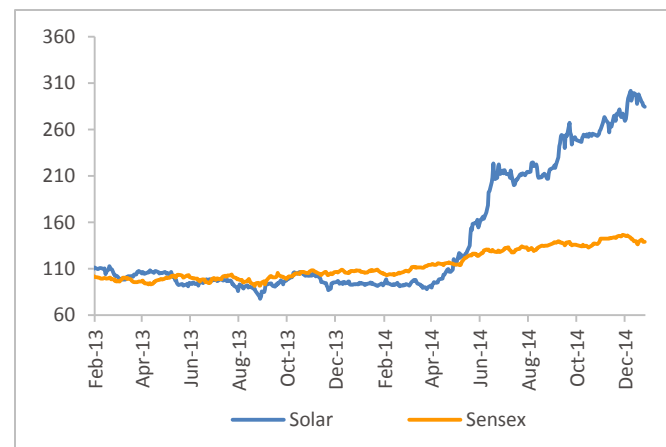


- * Solar Industries Ltd. (SIL) is the market leader with 30% market share in the domestic industrial explosives segment and the largest Indian exporter and is poised to sustain its fast-paced growth on back of its leadership position and high entry barriers in explosive industry.
- * The company expanding 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	1133	1396	1763
Rev. growth (%)	42.1	15.9	0.9	23.2	26.2
EBITDA (crs)	171	190	203	271	361
Net profit (crs)	108	136	139	177	246
Shares outstanding (crs)	1.8	1.8	1.8	1.8	1.8
Diluted EPS (INR)	56.5	70.0	70.9	87.8	123.9
EPS growth (%)	43.9	23.7	1.2	23.8	41.1
Diluted P/E (x)	47.2	38.2	37.7	30.4	21.5
EV/ EBITDA (x)	28.6	26.8	25.5	19.0	14.0
ROCE (%)	25.0	20.0	16.9	20.2	24.9
ROE (%)	27.2	25.9	20.8	21.8	25.3

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:	72.91	52-week range (INR):	2,900 / 840
MFs, FIs & Banks:	18.05	Share in issue (Cr):	1.8
FII:	0.82	Mkt cap (INR Cr):	4,859
Others:	8.22	Avg. Daily Vol.BSE/NSE:(‘000):	15



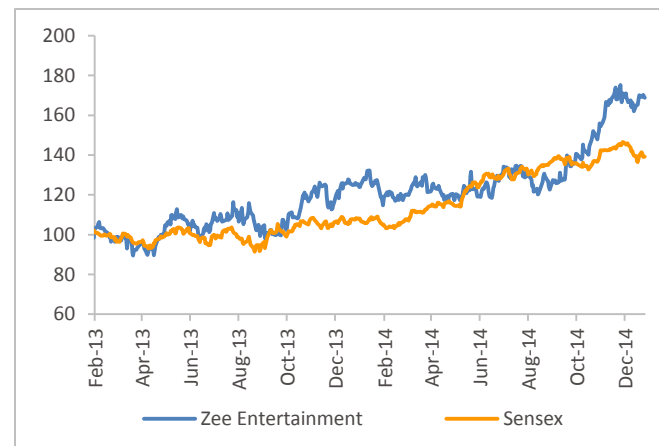


- * ZEE is India's oldest private cable television broadcaster and one of the largest media companies in India. Besides Zee TV and Zee Cinema, the company has an attractive bouquet of regional channels. The company has 650mn viewers in total all over the globe
- * ZEE will be a major beneficiary of digitization, 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	4,771	5,541
Rev. growth (%)	1.0	21.6	19.5	7.9	16.1
EBITDA	739	954	1204	1288	1577
Net profit	590	718	890	960	1175
Shares outstanding (crs)	95	95	95	95	95
Diluted EPS (INR)	6.1	7.5	9.2	8.5	10.7
EPS growth (%)	-3.0	22.7	23.2	-8.0	26.3
Diluted P/E (x)	61.6	50.1	40.7	44.4	35.1
EV/ EBITDA (x)	47.6	36.5	30.9	28.3	22.8
ROCE (%)	28.4	32.0	33.0	29.5	31.4
ROE (%)	18.0	19.6	26.8	31.9	31.9

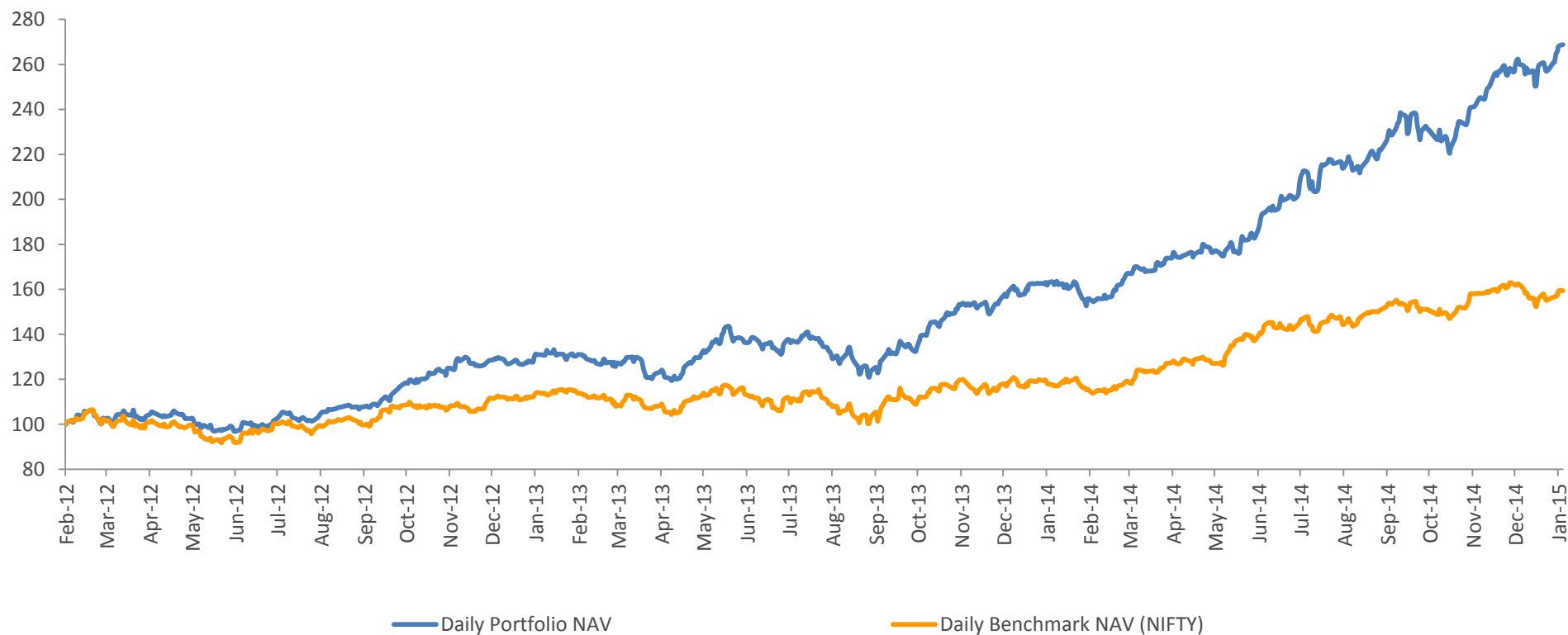
Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
IDFC Premier Equity Fund	3,706	2.9	0.4	110.8
Reliance Growth Fund	4,311	2.2	0.3	97.0
HDFC Equity Fund	10,644	0.5	0.2	59.6
DSP BR Top 100 Equity Fun..	2,909	1.9	0.2	57.6
Morgan Stanley Growth Fun..	1,232	4.6	0.2	57.4

Shareholding Pattern		Bloomberg:	Z:IN
Promoters:	43.07	52-week range (INR):	402 / 254
MFs, FIs & Banks:	1.39	Share in issue (Cr):	96
FII:	50.84	Mkt cap (INR Cr):	36,361
Others:	4.70	Avg. Daily Vol.BSE/NSE:('000):	483/2538





Edelweiss Top Picks NAV: At INR 269 vs Nifty NAV of INR 159



- * Edelweiss Top Picks have delivered a CAGR return of 40% since inception as against Nifty CAGR return of 17%, translating into an outperformance of 23% (p.a)
- * On an annualized basis (last 12 months), Top Picks have delivered a return of 66% per annum as against Nifty return of 35%.

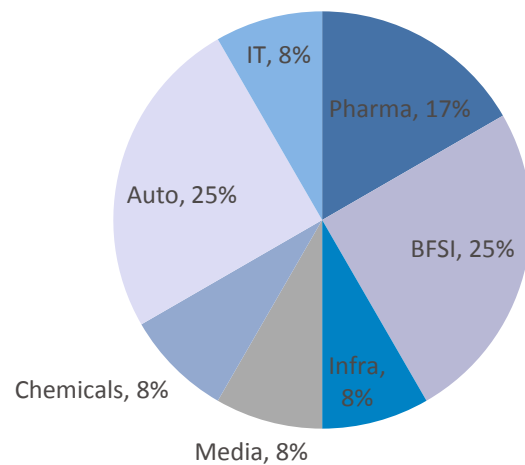
Top Picks Performance



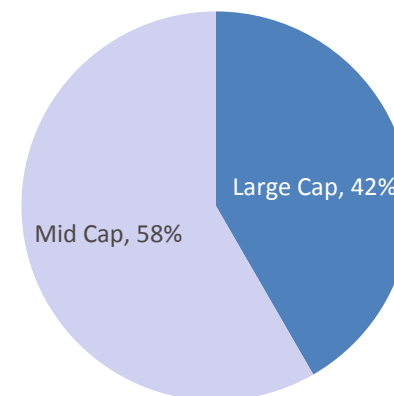
Top Picks Portfolio Performance

Parameters	1 M	3 M	6 M	9M	12 M	ITD (CAGR) ##
Portfolio Returns	3.4%	18.3%	27.6%	52.1%	65.7%	40.3%
Benchmark Returns	-1.5%	6.9%	8.7%	24.3%	35.0%	17.3%
Volatility	17.3%	16.7%	17.9%	17.0%	16.0%	15.7%
Benchmark Volatility	14.1%	12.4%	12.5%	13.0%	12.7%	15.4%
Sharpe Ratio	1.88	3.89	2.64	3.62	4.98	5.32
Information Ratio	6.81	4.68	2.11	2.92	2.50	5.37

Sector Composition



Value Composition



Addition & Deletion During the Month



Deletion

Sr. No.	Deletions	Entry	Exit Price	Chg (ABS)	Chg (%)
1	Hindalco	156	158	+2	+1.3%

Addition

Sr. No.	Addition	Entry	Exit Price	Chg (ABS)	Chg (%)
1	Bosch	19,615	-	-	-

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	3,891	397%
Whirlpool	Consumption	Apr-10	300	510	52%
Symphony Ltd	Consumption	Apr-10	184	1,921	669%
Bajaj Finance Limited	BFSI	Feb-12	810	2,790	221%
City Union Bank Limited	BFSI	Feb-12	37	84	111%
GRUH Finance Limited	BFSI	Apr-12	133	217	51%
Kajaria Ceramics Limited	Consumption	Apr-12	130	600	424%
Tube Investments of India Limited	Auto & Auto Ancillary	Apr-12	141	345	132%
Alembic Pharmaceuticals Limited	Pharma	Apr-12	47	404	760%
Vinati Organics Limited	Chemicals	May-12	86	427	427%
Karur Vysya Bank Limited	BFSI	Jun-12	413	553	24%
Jammu & Kashmir Bank Limited	BFSI	Jul-12	925	139	-82%
Astral Poly Technik Limited	Consumption	Aug-12	115	355	622%
Amara Raja Batteries Limited	Auto & Auto Ancillary	Aug-12	188	643	214%
Dishman Pharmaceuticals and Chemicals Limited	Pharma	Sep-12	86	166	101%
MindTree Limited	IT	Oct-12	674	1,069	71%
V-Guard Industries Limited	Consumption	Jul-12	240	904	218%
TV18 Broadcast Limited	Media	Nov-12	23	29	29%
Prestige Estates Projects Limited	Real Estate	Dec-12	163	232	48%
WABCO India Limited	Auto & Auto Ancillary	Jan-13	1,620	3,585	135%
Madras Cements Limited	Cement	Jan-13	240	340	43%
KPIT Cummins Infosystems Limited	IT	Jan-13	110	166	47%
Sobha Developers Limited	Real Estate	Feb-13	430	428	0%
Bharat Forge	Auto & Auto Ancillary	April-13	230	811	280%
La Opala RG Limited	Consumption	June-12	105	362	1333%
Development Credit Bank Ltd	BFSI	May-13	47.6	91	76%

Stock	Sectors	Release Date	Reco Price	CMP	Return
J K Lakshmi Cement Ltd	Cement	June-13	106	372	201%
Kewal Kiran Clothing Ltd	Consumption	July-13	820	1,681	123%
NIIT Technologies Ltd	IT	Sep-13	275	51	-82%
Elgi Equipments	Capital Goods	Sep13	78	129	71%
Motherson Sumi Systems Ltd	Auto & Auto Ancillary	Sep-13	157	427	151%
Pidilite Industries	Consumption	Sep13	258	411	50%
Unichem Lab	Pharma	Oct-13	170	209	38%
Engineers India Ltd	Capital Goods	March-14	149	275	65%
Mayur Uniquoters Limited	Consumption	March-14	485	453	-5%
Natco Pharmaceutical Ltd	Pharma	March-14	856	1,446	74%
Va Tech Wabag Ltd	Capital Goods	March-14	695	1,599	110%
Finolex industries	Consumer Durable	April-14	120	326	157%
Cholamandalam Investment	BFSI	April-14	290	477	60%
Ratnamani Metals and Tubes Ltd	Capital Goods	May-14	235	467	86%
NBCC	Infra	May-14	243	876	108%
Finolex industries	Capital Goods	April-14	203	326	52%
CAN FIN Homes	BFSI	May-14	265	480	74%
Biocon Ltd	Pharma	July-14	477	451	4%
Adi Finechem Ltd	Chemicals	July-14	229	288	36%
V-Mart Retail Ltd	Consumption	Sept-14	540	540	4%
Poly Medicure	Medical Accessories	Sep-14	610	825	25%
KNR Constructions Ltd	Infra	Sep-14	253	301	6%
Hester Biosciences Ltd	Pharma	Sep-14	435	346	-14%
MT Educare Ltd	Education	Oct-14	138	134	0%
Apollo Tyre Ltd	Auto Ancillary	Nov-14	233	235.6	1%
MRF Ltd	Auto Ancillary	Nov-14	32635	34,449.9	6%
Suprajit Engineering Ltd	Auto Ancillary	Nov-14	121	121.5	0%
Bosch Ltd	Auto Ancillary	Nov-14	15200	18,825.00	24%



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