

Top Picks – Must Stocks in the portfolio

Edel Invest Research

Edelweiss – Ideas create, values protect

September, 2013

Edelweiss Top Picks



S.No	Stock Name	CMP (INR)	Mkt Cap (INR Crs)	P/E (X)		EV/EBITDA (X)		ROE (%)	
				FY14E	FY15E	FY14E	FY15E	FY14E	FY15E
1	Alembic Pharma	134	2,533	11.9	9.4	8.8	7.1	37.0	37.0
2	Amara Raja Batteries Ltd	257	4,390	12.7	11.1	7.3	6.2	29.0	26.0
3	ITC Ltd	309	2,44,379	27.3	22.9	27.3	22.9	36.4	38.7
4	Bajaj Finance Ltd	1,027	5,111	6.7	5.5	NM	NM	20.2	20.2
5	ICICI Bank Ltd	804	92,776	11.1	10.1	NM	NM	13.1	13.3
6	Lupin Ltd	796	35,662	23.3	19.6	14.4	12.4	28.0	26.0
7	Mindtree Ltd	1,037	4,324	13.1	11.1	5.8	5.2	29.6	27.4
8	Maruti Suzuki India Ltd	1,244	37,565	10.6	9.5	5.6	5.1	22.0	21.0
9	Larsen & Toubro Ltd	725	67,039	13.1	10.7	11.8	10.2	14.5	15.7
10	KPIT Cummins Ltd	132	2,552	8.5	16.9	4.5	11.3	22.0	22.0
11	Wipro Ltd	484	1,19,198	15.15	13.5	12.2	9.9	23.0	22.0
12	Zee Entertainment Enterprises Ltd	232	22,222	27.9	23.6	18.7	15.3	19.0	19.5

Prices updated as on 31st August 2013

NM- Not meaningful

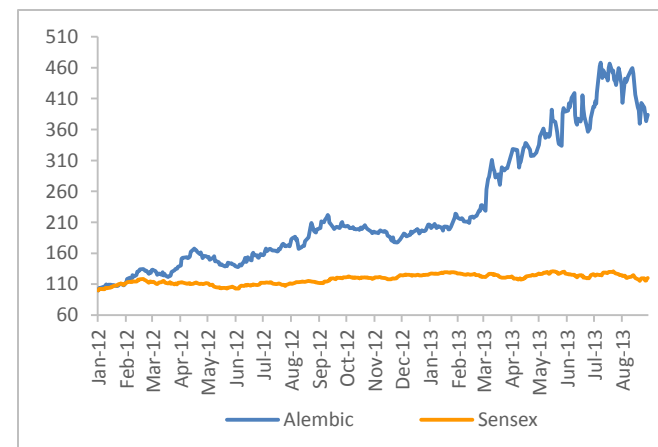


- * Alembic Pharma, is a leader in several sub-segments of the Anti-Infective Therapeutic segment. Over the last two to three years, it has invested heavily in increasing its revenue contribution from chronic therapies & regulated markets, which are high margins businesses
- * The company intends to increase its revenues from the chronic segment from 45% to over 50% of total domestic sales in the next two years. As a result, we expect the company's domestic formulation business to grow at 12% CAGR over FY13-15E
- * The company continues to improve its margins year-on-year, the company has ended FY13 at 16% EBITDA margins, and plans to improve it further by 100-125 bps every year, and expects margins to stabilize at 20% over the next 2-3 years
- * Facility expansion for US, would start contributing from Q2FY14, which would help the company grow its US business at 25-30% CAGR from \$20-30 mn currently to over \$80-100 mn. The company has strong enough pipeline of filings in the US to support the growth. We expect the company's international generic sales to grow at a CAGR of 28% over FY13-15E
- * Negligible debt on books, company plans to become ZERO debt by FY15E

Year to March	FY11	FY12	FY13	FY14E	FY15E
Revenue	1,192	1,462	1,520	1,727	1,977
Rev. growth (%)	0%	23%	4%	14%	14%
EBITDA	157	216	252	313	387
Net profit	85	130	165	213	270
Shares outstanding (crs)	18.9	18.9	18.9	18.9	18.9
Diluted EPS (INR)	4.5	6.9	8.8	11.3	14.3
EPS growth (%)	0%	53%	27%	29%	27%
Diluted P/E (x)	29.8	19.5	15.4	11.9	9.4
EV/ EBITDA (x)	17.5	12.7	10.9	8.8	7.1
ROCE (%)	21%	25%	30%	35%	37%
ROE (%)	29%	38%	37%	37%	37%

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
SBI Magnum Multicap Fund	331.29	1.15	0.153	3.81
Principal Growth Fund	221.53	1.43	0.127	3.17
Principal Tax Saving Fund	182.69	1.44	0.105	2.63
SBI Pharma Fund	117.11	1.98	0.093	2.32
SBI Magnum Midcap Fund	177.98	1.14	0.081	2.03

Shareholding Pattern		Bloomberg:	ALPM:IN
Promoters:	74.13	52-week range (INR):	168 / 56
MFs, FIs & Banks:	1.37	Share in issue (Cr):	18.85
FII:	7.73	Mkt cap (INR Cr):	2,533
Others:	16.77	Avg. Daily Vol.BSE/NSE:(‘000):	277



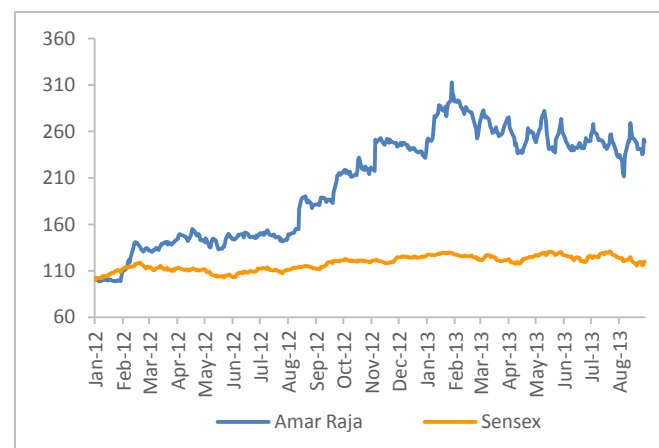


- * Amara Raja Batteries Limited (ARBL), India's second largest battery manufacturer, has a strong market share across auto and industrial battery segments due to its robust technology tie-up, branding and retail network
- * The company has a debt-free balance sheet, average ROCE of 30%+ and has grown at more than double the pace of its closest competitor in the last six years (sales growth of 6.5x versus Exide's 3x between 2006- 2012, which implies market share gains)
- * ARBL's technological prowess, brand equity, focus on certain product category (diesel car/tractor batteries) is filling product gaps within segments (UPS) and activating existing dealers with expansion in semi-urban/rural network, the company is well on track to gain market share over the coming years
- * Company is doing capex of INR 750 cr which will substantially increase capacities across segment by FY15E. Given that demand for product is robust and company is constrained by capacity we expect capacity addition will result in increase in sales

Year to March	FY11	FY12	FY13	FY14E	FY15E
Revenue	1,761	2,367	2,981	3,552	4,127
Rev. growth (%)	20%	34%	26%	19%	16%
EBITDA	256	354	471	572	673
Net profit	148	215	296	346	396
Shares outstanding (crs)	17.1	17.1	17.1	17.1	17.1
Diluted EPS (INR)	8.7	12.6	17.3	20.2	23.2
EPS growth (%)	-5%	45%	37%	17%	15%
Diluted P/E (x)	29.5	20.4	14.9	12.7	11.1
EV/ EBITDA (x)	16.2	11.7	8.8	7.3	6.2
ROCE (%)	30%	36%	39%	38%	36%
ROE (%)	25%	29%	31%	29%	26%

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
ICICI Pru Discovery Fund	2,442.10	3.18	1.757	77.66
Sundaram Select Midcap	1,589.77	4.52	1.626	71.86
Franklin India Flexi Cap ..	1,433.74	3.68	1.194	52.76
HDFC Mid-Cap Opportunitie..	2,551.51	1.99	1.149	50.78
Franklin India Prima Plus	1,839.18	1.63	0.678	29.98

Shareholding Pattern		Bloomberg:	AMRJ:IN
Promoters:	52.06	52-week range (INR):	328 / 183
MFs, FIs & Banks:	14.21	Share in issue (Crs):	17.1
FIIIs:	10.82	M cap (INR Crs):	4,390
Others:	22.91	Avg. Daily Vol.BSE/NSE:(‘000):	71/315



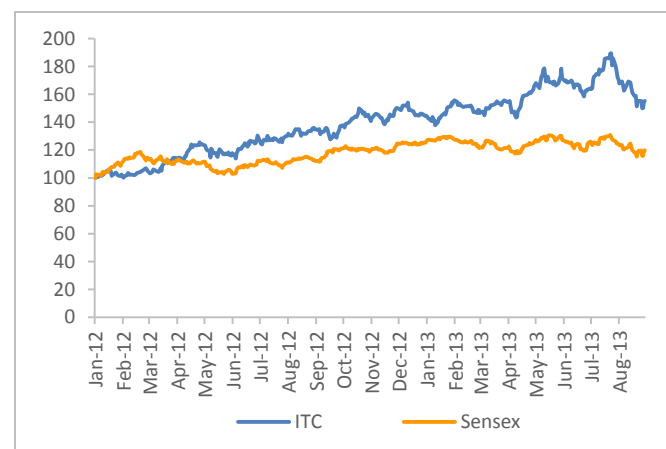


- * ITC is one of the largest consumer companies in India with businesses spanning cigarettes, FMCG, hotels, paper and packaging, and agri-commodities.
- * The company has tremendous pricing power due to relatively inelastic demand profile of cigarettes and the company's ~80% market share. This translates into increasing margins for ITC as compared to any other FMCG company. This segment accounts for 80% EBITDA
- * ITC has made a successful foray in Non-Cigarette businesses, and they now contribute 45% to overall net sales. Profitability levels in the FMCG division (contributes 15% to sales) is expected to scale up going forward
- * ITC is looking to invest ~INR250bn over the next seven years (~INR35bn per annum); it is also likely to enter into newer categories like dairy, mosquito coils and room spray categories of the homecare segment
- * At CMP of INR 309, the stock is trading at 23x FY15E EPS of INR 13.5 which we believe are attractive valuations and thus offers strong upside

Year to March	FY11	FY12	FY13	FY14E	FY15E
Revenue	31,993	36,617	43,920	51,266	61,100
Rev. growth (%)	16.4	17.5	19.6	16.7	19.1
EBITDA	7,668	9,209	11,174	13,257	15,829
Net profit	5,069	6,322	7,693	9,021	10,748
Shares outstanding (crs)	773	781	790	790	790
Diluted EPS (INR)	6.4	7.9	9.6	11.2	13.4
EPS growth (%)	1.09	22.7	20.9	17.2	19.1
Diluted P/E (x)	47.6	38.7	32	27.3	22.9
EV/ EBITDA (x)	30.3	25.4	21	17.6	14.7
ROCE (%)	42.2	44.3	45.6	46.9	50.4
ROE (%)	32.4	34.8	35.7	36.4	38.7

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Top 200 Fund	10,186.03	6.43	0.271	654.96
HDFC Equity Fund	9,580.88	4.68	0.185	448.39
ICICI Pru Focused Bluechi..	4,308.75	7.25	0.129	312.38
UTI-Opportunities Fund	3,440.24	6.60	0.094	227.06
SBI Magnum Tax Gain Schem..	3,869.49	5.78	0.092	223.66

Shareholding Pattern	Bloomberg:	ASTRA:IN
Promoters: --	52-week range (INR):	380 / 220
MFs, Fls & Banks: 33.79	Share in issue (Cr):	
FIIIs: 19.64	M cap (INR Cr):	2,44,379
Others: 46.57	Avg. Daily Vol.BSE/NSE:(‘000):	



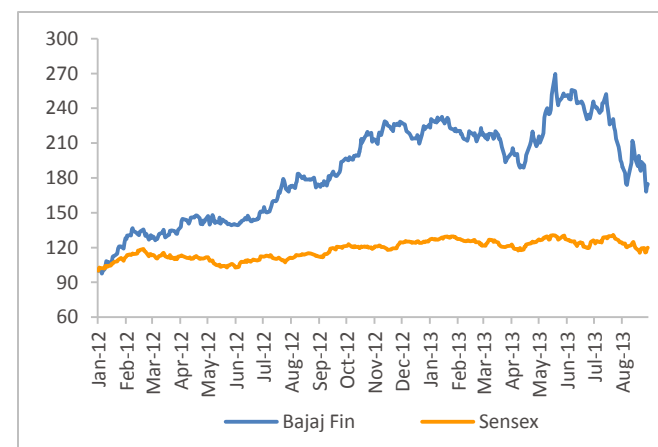


- * Bajaj Finance Limited (BFL), a subsidiary of Bajaj Finserv Ltd., is a leading and diversified NBFC in India. The company has a well-diversified portfolio bouquet with loan book spread across nine business lines and balanced in terms of scale and profitability
- * Over the years, BFL has built pan-India 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 1x FY15E book value

	FY11	FY12	FY13	FY14E	FY15E
Net int. income	906	1,250	1,719	2,225	2,707
Net profit after tax	247	406	591	758	929
Adjusted BV per share	371	492	676	829	1,015
Diluted EPS (INR)	67.7	95.3	118.8	152.3	186.5
Gross NPA ratio (%)	3.9	1.2	1.1	1.2	1.2
Net NPA ratio (%)	0.8	0.1	0.2	0.3	0.3
Price/Adj. book value (x)	2.8	2.1	1.5	1.2	1.0
Price/Earnings (x)	15.2	10.8	8.6	6.7	5.5

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
Reliance Banking Fund	1,386.56	4.95	1.364	68.63
Sundaram Select Midcap	1,589.77	3.53	1.115	56.12
DSP BR Equity Fund	1,880.42	2.41	0.901	45.32
IDFC Sterling Equity Fund	1,233.56	3.62	0.887	44.65
Sundaram Tax Saver	1,140.49	2.81	0.637	32.05

Shareholding Pattern		Bloomberg:	BAF:IN
Promoters:	62.07	52-week range (INR):	1,595 / 965
MFs, FIs & Banks:	9.73	Share in issue (Cr):	4.9
FII:	8.75	Mkt cap (INR Cr):	5,111
Others:	19.45	Avg. Daily Vol.BSE/NSE:(‘000):	26/15



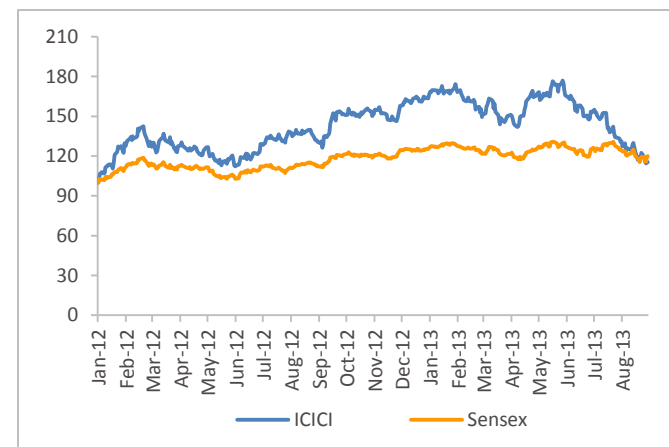


- * ICICI Bank is India's largest private sector bank with total asset of INR 4.7tn. The loan book is expected to grow at 20% CAGR over next few years driven by retail segment and working capital related corporate loans
- * Average CASA is 38-40% which keeps cost of funds low and add to net interest 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 INR221 per share, the stock trades at 1.1x FY15 adj.book

	FY11	FY12	FY13	FY14E	FY15E
Net int. income	8,114	9,017	10,734	13,866	16,035
Net profit after tax	4,025	5,151	6,465	8,326	9,145
Adjusted BV per share	320	356	406	460	515
Diluted EPS (INR)	36.1	44.7	56.1	72.2	79.3
Gross NPA ratio (%)	5.0	4.2	3.4	3.2	3.1
Net NPA ratio (%)	2.1	1.1	0.7	0.8	0.7
Price/book value (x)	1.8	1.6	1.4	1.3	1.1
Price/Earnings (x)	22.3	18.0	14.3	11.1	10.1

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Top 200 Fund	10,186.03	5.89	0.644	599.96
HDFC Equity Fund	9,580.88	6.19	0.637	593.06
Franklin India Bluechip F..	4,752.77	5.93	0.303	281.84
ICICI Pru Focused Bluechi..	4,308.75	6.51	0.301	280.50
Reliance Banking Fund	1,386.56	19.10	0.284	264.83

Shareholding Pattern		Bloomberg:	ICICIBC:IN
Promoters:	—	52-week range (INR):	1,238 / 757
MFs, FIs & Banks:	25.38	Share in issue (Crs):	115
FIIIs:	36.40	Mkt cap (INR Crs):	92,776
Others:	38.22	Avg. Daily Vol.BSE/NSE:(‘000):	5075



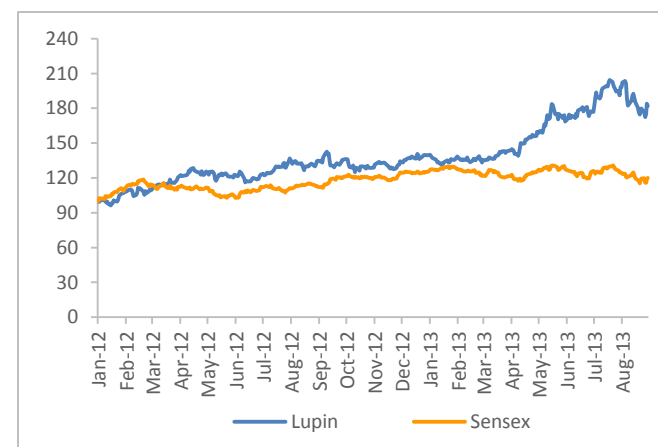


- * The company has over the years shifted its focus from anti-infective and TB, to chronic segment. The company has increased the contribution from 25% to 50% over the last five years. It plans to increase the same to 65-70% by FY14E
- * Lupin has a strong pipeline of products (120 products) for the US markets pending for approval. It is expected that the company would be able to get the approvals for the same in the next 2-3 years. Of the 120 products 20 have FTF status, and many are limited competition products. This would help the company to generate better margins with less competition for a longer period of time
- * Lupin one on the few players which has successfully managed to tap the Japanese market through its acquisition of Kyowa earlier and I'rom recently, now has a presence across value chain in Japan from oral formulations (through Kyowa) to Injectables (through I'rom)
- * We expect LPC's total sales to grow at 17% CAGR between FY13-15E led by strong growth in US generics business over FY13-15E primarily exclusive product launches. Domestic business is expected to grow at 16% CAGR over FY15E. Net profits are expected to grow at 19% CAGR over FY15E
- * At CMP the stock is trading at 19.6x its FY15E earnings

	FY11	FY12	FY13	FY14E	FY15E
Revenue	5820	7083	9641	11776	13127
Rev.growth (%)	21%	22%	36%	22%	11%
EBITDA	1179	1476	2238	2642	2997
Net Profit	879	948.6	1355.4	1604.5	1901.3
Shares outstanding (Crs)	45	45	45	45	45
Diluted EPS (INR)	19.5	21.1	30.1	35.7	42.3
EPS growth (%)	25%	8%	43%	18%	18%
Diluted P/E (x)	42.5	39.4	27.6	23.3	19.6
EV/EBITDA (x)	32.7	26.1	22.9	14.4	12.4
ROCE (%)	26%	26%	33%	34%	34%
ROE (%)	30%	26%	30%	28%	26%

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Equity Fund	10,328.47	2.09	0.539	215.87
HDFC Top 200 Fund	10,874.80	1.76	0.478	191.40
Reliance Growth Fund	4,268.71	4.21	0.449	179.71
SBI Magnum Tax Gain Schem..	4,025.68	2.71	0.273	109.10
HDFC Mid-Cap Opportunitie..	2,700.80	2.50	0.169	67.52

Shareholding Pattern		Bloomberg:	LPC:IN
Promoters:	46.8	52-week range (INR):	908 / 496
MFs, FIs & Banks:	12.4	Share in issue (Crs):	45
FII:	30.6	M cap (INR crs):	35,662
Others:	10.1	Avg. Daily Vol.BSE/NSE:('000):	



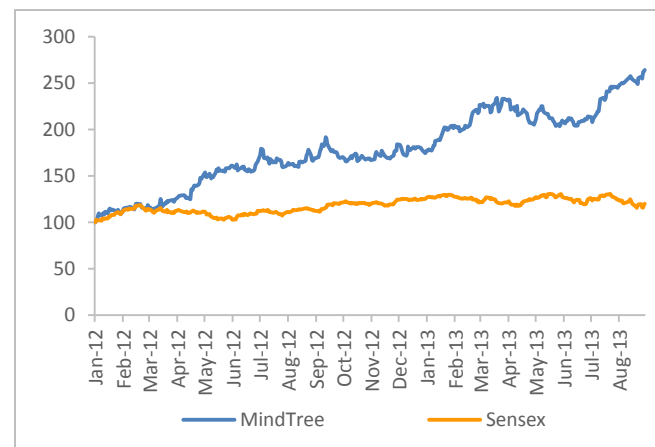


- * Mindtree is one of the few mid-tier Indian IT services companies to have employed a two-pronged complementary business model. The company's IT Services front embraces some of the more recent and more profitable service lines such as Business Intelligence and Infrastructure Management Services, Analytics and Testing & Validation services
- * Mindtree has built long-term relationships with marquee clients through successful execution and strong client references. Of the top 10 customers, 7 to 8 companies have been present over the past seven years. We believe that long-term engagements with marquee clients plus focus on new client addition will fuel growth for Mindtree
- * The company has significant headroom for operational margin expansion given its multiple margin levers such as rationalization of employee pyramid, lower investments in SG&A, higher utilization, improvement in fixed price projects and lesser attrition rates. We expect margin levers to play out going forward
- * We expect steady performance from Mindtree, both in terms of growth and margin expansion. Mindtree is trading at attractive valuations compared to its peers, delivering sustainable RoE of around 25% +

Year to March	FY12	FY13	FY14E	FY15E
Revenue	1,509	1,915	2,370	2,601
Rev. growth (%)	65.3	64	59.9	61.5
EBITDA	178	293	476	508
Net profit	102	219	325	386
Shares outstanding (crs)	4.1	4.1	4.1	4.2
Diluted EPS (INR)	24.9	53.7	79.4	93
EPS growth (%)	-52.9	115.5	47.9	17.1
Diluted P/E (x)	41.6	19.3	13.1	11.1
EV/ EBITDA (x)	16.9	9.7	5.8	5.2
ROCE (%)	14.7	25.1	36.5	30.6
ROE (%)	14.1	25.2	29.6	27.4

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Mid-Cap Opportunitie..	2,551.51	3.01	1.794	76.80
ICICI Pru Discovery Fund	2,442.10	2.83	1.614	69.11
HDFC Tax Saver Fund	3,068.58	0.94	0.674	28.84
HDFC Balanced Fund	1,090.47	2.29	0.583	24.97
Franklin India High Growt..	486.98	5.11	0.581	24.88

Shareholding Pattern		Bloomberg:	MTCL:IN
Promoters:	16.80	52-week range (INR):	1,066 / 600
MFs, FIs & Banks:	8.44	Share in issue (Crs):	4.1
FII:	30.99	Mkt cap (INR Crs):	4,324
Others:	43.77	Avg. Daily Vol.BSE/NSE:(‘000):	75



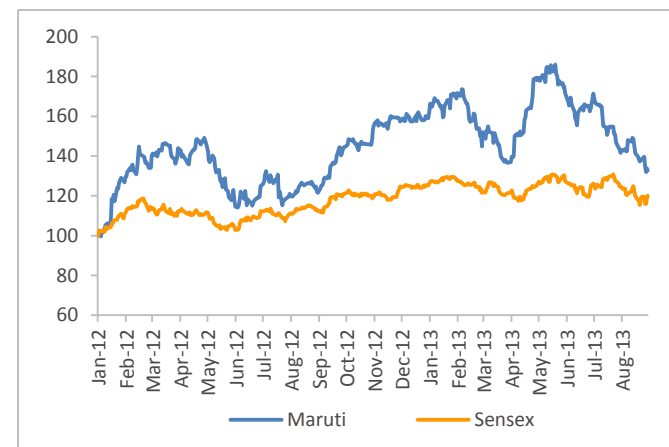


- * MSIL is India's largest passenger vehicle manufacturer with more than 40% market share. It is a key player in the compact car segment with a dominant market share. MSIL offers the widest product range in passenger cars (10 models), with special focus on the compact car segment (five models)
- * Peaking of competition is a key positive for Maruti Suzuki where as near term INR Vs JPY is turning favorable for the company which will lead to margin improvement (as 25% of sales are imports). Increase in localisation will aid for margin expansion in long term thereby reducing currency risk
- * New launches (Ertiga and Alto have been well received by market, and additional diesel capacity by FY14 to drive sales going forward
- * Its multiple expands to the range of 16x-21x 1-year forward earnings when growth returns and earnings up cycle begins

Year to March	FY11	FY12	FY13	FY14E	FY15E
Revenue	36,919	35,910	43,077	49,398	58,558
Rev. growth (%)	25%	-3%	20%	15%	19%
EBITDA	3,615	2,653	4,187	5,878	6,480
Net profit	2,233	1,779	2,350	3,539	3,972
Shares outstanding (crs)	28.9	28.9	28.9	30.2	30.2
Diluted EPS (INR)	77.3	61.6	81.3	117.2	131.5
EPS growth (%)	-11%	-20%	32%	44%	12%
Diluted P/E (x)	16.1	20.2	15.3	10.6	9.5
EV/ EBITDA (x)	9.1	12.4	7.9	5.6	5.1
ROCE (%)	35%	15%	13%	18%	17%
ROE (%)	17%	12%	16%	22.0%	21.0%

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
Reliance Equity Opportuni..	4,471.03	3.54	0.367	158.27
Reliance Vision Fund	1,981.58	7.95	0.365	157.54
DSP BR Top 100 Equity Fun..	3,451.99	3.81	0.305	131.52
Reliance Tax Saver (ELSS) ..	2,068.22	6.26	0.3	129.47
ICICI Pru Focused Bluechi..	4,130.19	2.91	0.279	120.19

Shareholding Pattern		Bloomberg:	MSIL:IN
Promoters:	56.21	52-week range (INR):	1,777/1,130
MFs, FIs & Banks:	12.60	Share in issue (Crs):	30.2
FII:	22.36	Mkt cap (INR Crs):	37,565
Others:	8.83	Avg. Daily Vol.BSE/NSE:('000):	86/869



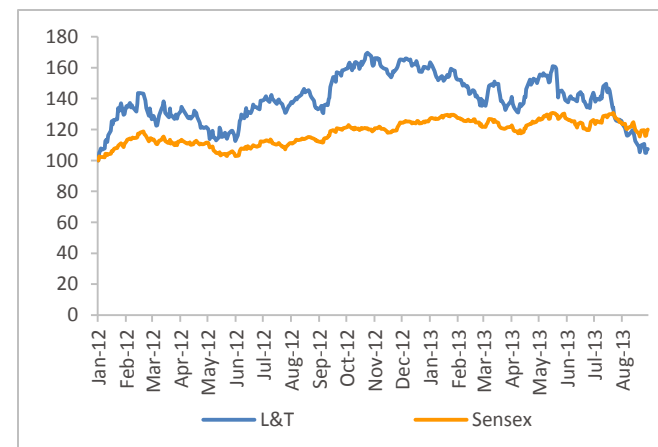


- * L&T is India's largest infrastructure and EPC company with presence across major verticals like process, hydrocarbons, power, core infrastructure like roads, ports, bridges, industrial structures etc. It has a dominant position and market share in most operating verticals like oil & gas, process 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 and exiting noncore businesses which are not scalable. Thus there would be value unlocking in those businesses
- * L&T witnessed strong order inflows of INR 88000 crore in FY13 with 25% yoy growth and maintained strong inflows in Q1FY14 with INR 25159 cr (up 28% yoy). The management aims to achieve 20% growth in order inflows in FY14 on a high base
- * The management is confident of achieving 15-17% growth in standalone revenue in FY14 with stable margins. The current order backlog of INR 1.6 lakh crore (2.6x FY13 standalone revenue) and expectation of strong order inflows in FY14 gives revenue growth visibility

Year to March	FY11	FY12	FY13	FY14E	FY15E
Revenue	52,089	64,313	74,498	82,321	95,953
Rev. growth (%)	18.4	23.4	15.80%	10.50%	16.56%
EBITDA	7,690	8,769	9,859	10,781	12,606
Net profit	4,463	4,693	5,206	5,226	6,412
Shares outstanding (crs)	92.5	92.5	94.2	94.2	94.2
Diluted EPS (INR)	47.6	50.1	50.9	55.3	67.8
EPS growth (%)	-16.6	5.2	1.6	17.5	19
Diluted P/E (x)	15.2	14.5	14.2	13.1	10.7
EV/ EBITDA (x)	12.5	12.6	12.8	11.8	10.2
ROCE (%)	13.0	10.0	9.0	8.5	9.7
ROE (%)	19.0	17.0	15.2	14.5	15.7

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Top 200 Fund	10,186.03	4.01	0.611	408.46
HDFC Equity Fund	9,580.88	3.75	0.538	359.28
DSP BR Top 100 Equity Fun..	3,013.55	5.34	0.241	160.92
UTI-Opportunities Fund	3,440.24	4.05	0.209	139.33
HDFC Prudence Fund	5,111.87	2.61	0.200	133.42

Shareholding Pattern	Bloomberg:	LT :IN
Promoters:	—	52-week range (INR): 1,147 / 677
MFs, FIs & Banks:	36.7	Share in issue (Cr): 94.2
FII:	16.7	Mkt cap (INR Cr): 67,039
Others:	46.5	Avg. Daily Vol.BSE/NSE:(‘000): 836.7



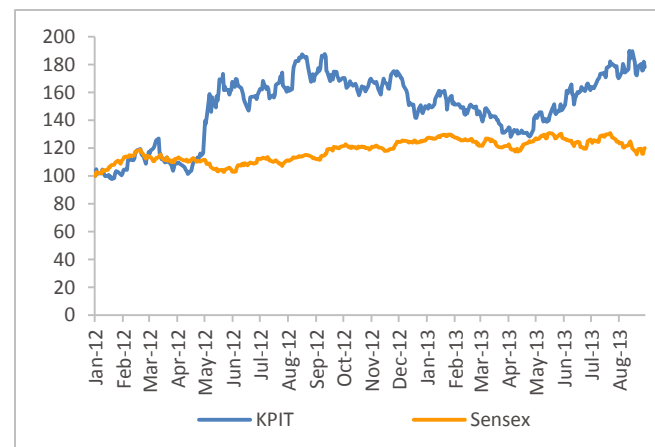


- * KPIT is one of the few mid-tier Indian IT services companies to have successfully built a business with a clear focus on select niche verticals (Manufacturing, Utilities and Automotive) and services. The strategy of focusing on niche verticals and strategic acquisitions has allowed KPIT to achieve significantly higher growth rates vis-à-vis industry average
- * CY12 witnessed strong demand traction in the Enterprise Solutions businesses, underscored by the performance of SAP and Oracle. This favorable demand scenario augurs well for KPIT, as SAP and Oracle are strong business practices for the company. We believe that deeper client penetration would help KPIT Cummins grow at a faster pace than the industry, potentially leading to margin leverage going forward
- * KPIT has always followed aggressive acquisition strategy to fortify its horizontal practice. These acquisitions have been largely in Enterprise Solutions and Auto Electronics domains. Going forward, cross-selling opportunities and profitability improvement will enable KPIT to enhance its overall financial performance, underpinned by acquisitions since most of them have gained scale and capabilities
- * KPIT remains on target to meet the full-year revenue growth guidance and foresees growth to be well spread out across quarters because of the company's strengthening deal pipeline as well as incremental revenues from Systime. We value KPIT at 11x FY2015E EPS of INR 15.5, which gives us a target price of INR 170

Year to March	FY11	FY12	FY13	FY14E	FY15E
Revenue	1,500	2,239	2,774	3,016	1,500
Rev. growth (%)	52%	49%	24%	9%	52%
EBITDA	217	363	475	513	217
Net profit	145	200	269	310	145
Shares outstanding (crs)	18.1	19.3	19.4	20	18.1
Diluted EPS (INR)	7.8	10.4	13.9	15.5	7.8
EPS growth (%)	46%	32%	34%	12%	46%
Diluted P/E (x)	16.9	12.7	9.5	8.5	16.9
EV/ EBITDA (x)	11.3	7.0	5.2	4.5	11.3
ROCE (%)	20%	26%	28%	28%	20%
ROE (%)	22%	24%	23%	22%	22%

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
SBI Magnum Tax Gain Schem..	3,869.49	1.33	1.994	51.46
Sundaram Select Midcap	1,589.77	1.82	1.121	28.93
Reliance Long-Term Equity..	713.34	2.82	0.780	20.12
DSP BR Micro-Cap Fund	322.73	2.46	0.308	7.94
L&T India Special Situati..	545.30	1.18	0.249	6.43

Shareholding Pattern		Bloomberg:	KPIT:IN
Promoters:	56.21	52-week range (INR):	145 / 92
MFs, FIs & Banks:	12.60	Share in issue (Crs):	
FIs:	22.36	Mkt cap (INR Crs):	2,552
Others:	8.83	Avg. Daily Vol.BSE/NSE:(‘000):	



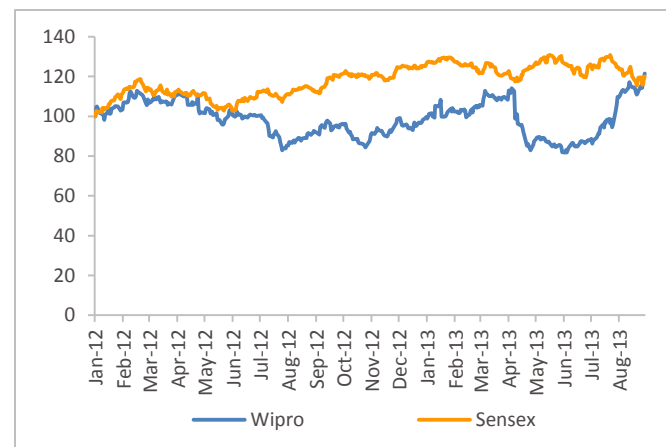


- * Wipro Limited is a leading Indian company with business interests in export of IT & BPO services and domestic hardware. It has the widest range of services, including Systems Integration and IT-enabled Services,.
- * **Revenue growth to improve** – Post its restructuring exercise, Wipro realigned its client facing profiles and also increased its focus on mining strategic clients
 - It is also investing in sales and marketing to increase its new deal wins rate. Wipro is now effectively competing in higher number of deals than earlier and is hitting the final short-list of vendors
 - We believe that continued investments in S&M and increased focus on client mining would result in higher new deal wins and revenue growth going forward
- * **Operating Metrics to improve from heron** – Wipro's EBITDA margin has been in the range of 20-21% over the last five quarters vs the earlier range of 22-23% in both FY10 and FY11. Going forward, we believe EBITDA margins are set to rise, largely due to improvement in utilisation and new deal wins. We expect utilisation to improve from current 72% level to 80-81% range
- * **Attractive Valuations:** We expect revenue growth to improve to 2-4% on a QoQ basis in FY14 versus the 0-2% in FY13, driven by improved client mining and enhanced deal flows. Wipro now trades at ~13.5x 1-year forward (FY15E) at ~30% discount to TCS. With some signs of 2H recovery, recent INR depreciation and current valuations, risk reward is favorable

Year to March	FY12	FY13	FY14E	FY15E
Revenue	31,874	37,425	43,583	47,556
Rev. growth (%)	3%	17%	17%	9%
EBITDA	6671	7818	9209	9973
Net profit	5256	6168	7237	8094
Shares outstanding (crs)	245.6	246.1	246.5	246.5
Diluted EPS (INR)	21.3	24.9	29.3	32.8
EPS growth (%)	-1%	17%	18%	12%
Diluted P/E (x)	20.8	17.8	15.15	13.5
EV/ EBITDA (x)	17.6	15.1	12.2	9.9
ROCE (%)	20%	23%	26%	24%
ROE (%)	20%	22%	23%	22%

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Top 200 Fund	10,874.80	1.00	0.098	108.75
HDFC Tax Saver Fund	3,171.97	1.62	0.046	51.39
UTI Dividend Yield Fund	3,120.03	1.46	0.041	45.55
Morgan Stanley Growth Fun..	1,307.02	2.47	0.029	32.28
UTI-Equity Fund	2,264.79	1.19	0.024	26.95

Shareholding Pattern		Bloomberg:	WPRO:IN
Promoters:	73.54	52-week range (INR):	464 / 295
MFs, FIs & Banks:	4.58	Share in issue (Cr):	246.5
FII:	7.29	Mkt cap (INR Cr):	1,10,718
Others:	14.59	Avg. Daily Vol.BSE/NSE:(‘000):	3370



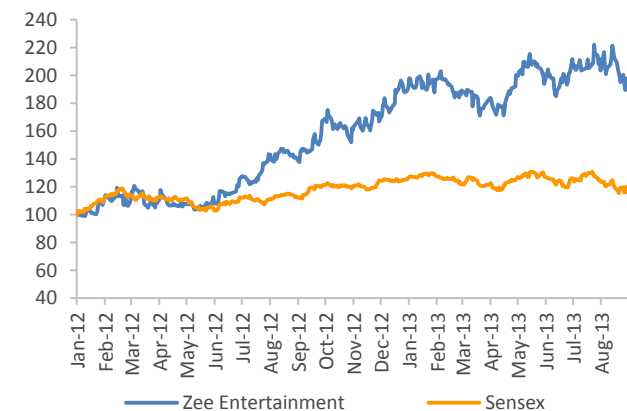


- * ZEE is India's oldest private cable television broadcaster and one of the largest media companies in India. Besides Zee TV and Zee Cinema, the company has an attractive bouquet of regional channels. The company has 650mn viewers in total all over the globe
- * ZEE will be a major beneficiary of digitization, 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 FY12, 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 23.6x FY15E earnings. We recommend a Buy on the stock with a target price of INR 301

Year to March	FY11	FY12	FY13E	FY14E	FY15E
Revenue	3,008	3,040	3,699	4,151	4,660
Rev. growth (%)	36.7	1	21.6	12.2	12.2
EBITDA	822	739	954	1112	1330
Net profit	605	590	718	802	946
Shares outstanding (crs)	9.7	9.5	9.5	9.5	9.5
Diluted EPS (INR)	6.3	6.1	7.5	8.3	9.8
EPS growth (%)	1.8	-3	22.7	10.9	17.8
Diluted P/E (x)	36.7	38.0	30.9	27.9	23.6
EV/ EBITDA (x)	26.8	29.1	22.2	18.7	15.3
ROCE (%)	33.4	28.4	32.1	31.7	32.3
ROE (%)	19.5	18	19.4	19.0	19.5

Scheme Name	AUM (INR Cr.)	% AUM in Stock	% Stake	Current Value
HDFC Equity Fund	9,580.88	2.10	0.932	201.20
HDFC Top 200 Fund	10,186.03	1.91	0.901	194.55
IDFC Premier Equity Fund	3,191.45	3.10	0.458	98.93
Reliance Growth Fund	3,947.67	2.19	0.401	86.45
DSP BR Top 100 Equity Fun..	3,013.55	2.33	0.325	70.22

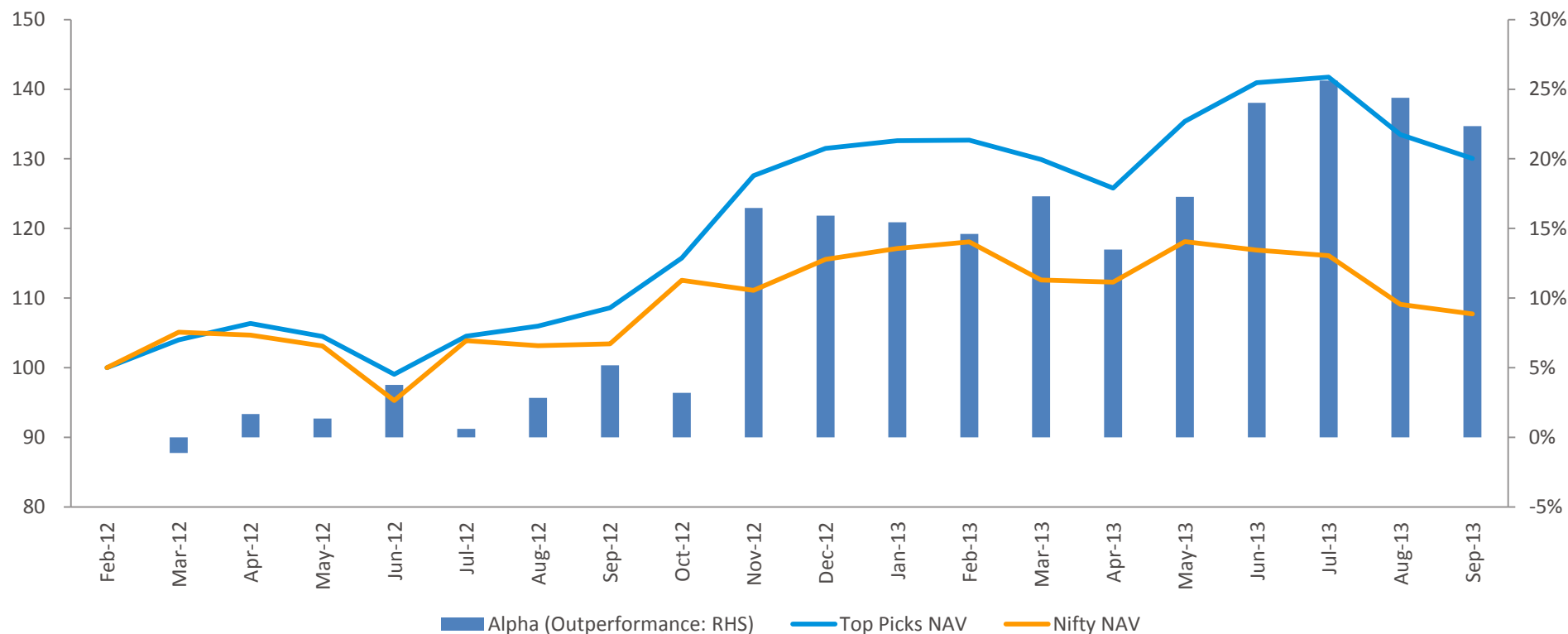
Shareholding Pattern		Bloomberg:	Z:IN
Promoters:	43.36	52-week range (INR):	268 / 159
MFs, FIs & Banks:	11.39	Share in issue (Cr):	21
FII:	37.53	Mkt cap (INR Cr):	22,222
Others:	7.72	Avg. Daily Vol.BSE/NSE:('000):	483/2538



Edelweiss Top Picks: Performance



Edelweiss Top Picks NAV: At INR 130 vs Nifty NAV of INR 108



* Edelweiss Top Picks have delivered a return of 30% since inception as against Nifty return of 8%, translating into an outperformance of 22%

* On an annualized basis, Top Picks have delivered a return of 18% per annum as against Nifty return of 5%

Edelweiss Top Picks: Current Deletions and Additions



Current Deletions	Reco Price	Exit Price	Chg (ABS)	Chg (%)
Astral Poly	532	511	-21	-4%
V-Guard	471	523	45	11%

Current Additions	Reco Price	CMP	Chg (ABS)	Chg (%)
ITC	309	309	0	0
KPIT Cummins	132	132	0	0

Stocks Under Coverage



Stock	Release Date	Reco Price	CMP	Return
TTK Prestige	Oct-11	900	3,420	280%
Whirlpool of India Ltd	Oct-11	300	159	-47%
Symphony Ltd	Oct-11	184	297	61%
Bajaj Finance Limited	Feb-12	810	1,150	42%
City Union Bank Limited	Feb-12	42	45	8%
GRUH Finance Limited	Apr-12	133	208	57%
Kajaria Ceramics Limited	Apr-12	130	221	70%
Tube Investments of India Limited	Apr-12	141	139	-1%
Alembic Pharma Ltd	Apr-12	47	139	197%
Vinati Organics Limited	May-12	86	94	10%
La Opala RG Limited	Jun-12	105	415	295%
Karur Vysya Bank Limited	Jun-12	413	342	-17%
Jammu & Kashmir Bank Limited	Jul-12	925	1,082	17%
V-Guard Industries Limited	Jul-12	240	548	128%
Astral Poly Technik Limited	Aug-12	230	512	123%

Stock	Release Date	Reco Price	CMP	Return
Pratibha Industries Limited	Aug-12	48	18	-63%
Amara Raja Batteries Limited	Aug-12	188	258	37%
Dishman Pharmaceuticals and Chemicals Limited	Sep-12	86	46	-47%
MindTree Limited	Oct-12	674	995	48%
Zee News Limited	Nov-12	13	11	-15%
TV18 Broadcast Limited	Nov-12	23	18	-23%
Prestige Estates Projects Limited	Dec-12	163	122	-25%
WABCO India Limited	Jan-13	1620	1,700	5%
Madras Cements Limited	Jan-13	240	154	-36%
KPIT Cummins Infosystems Limited	Jan-13	110	129	18%
Sobha Developers Limited	Feb-13	430	252	-41%
Bharat Forge	Apr-13	230	226	-2%
Development Credit Bank Ltd	May-13	48	43	-11%
J K Lakshmi Cement Ltd	Jun-13	106	56	-47%
Kewal Kiran Clothing Ltd	Jul-13	820	722	-12%



Broking services offered by:

Edelweiss Financial Advisors Limited under SEBI Registration No. INB/INF/INE231414534 (NSE) INB/INF011412336 (BSE) INE261414531 (MCX-SX); Compliance Officer: Mr. Jinesh Shah Tel. (022) 40885757/40883737, Email ID-compliance@Edelweissfa.com

Edelweiss Securities Limited under SEBI Registration No. INB/INF/INE231193310 (NSE), INB/INF/INE01193332 (BSE) and INE261193310 (MCX-SX); Tel.: (022) 4009 4400; Compliance Officer: Mr. Pravin Bathe Tel. (022) 40885757/40886278, Email ID - complianceofficer.esl@edelcap.com

Edelweiss Broking Limited under SEBI Registration No. INB/INF/INE231311631 (NSE) and INB/INF011311637 (BSE); Compliance Officer: Mr. T.V. Rangaswami Tel. (022) 40885757/40886278, Email ID complianceofficer.ebl@edelcap.com

Corporate Office: Edelweiss House, Off CST Road, Kalina, Mumbai - 400098; Tel.: (022) 4009 4400;

This document has been prepared jointly by Edelweiss Securities Limited, Edelweiss Broking Limited, and Edelweiss Financial Advisors Limited (Jointly known as Edelweiss). Edelweiss and its holding company and associate companies are a full service, integrated investment banking, portfolio management and brokerage group. Our research analysts and sales persons provide important input into our investment banking activities. This document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Edelweiss or any of its affiliates/ group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors. We and our affiliates, group companies, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities and / or derivatives and/or bonds/NCDs, etc thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and / or derivatives and/or bonds, NCD, etc and earn brokerage or other compensation or act as advisor or lender/borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Edelweiss and affiliates/ group companies to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. Edelweiss reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Edelweiss is under no obligation to update or keep the information current. Nevertheless, Edelweiss is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Neither Edelweiss nor any of its affiliates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this document are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. Edelweiss generally prohibits its analysts, persons reporting to analysts and their dependents from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Please note that Mutual Fund Investments are subject to market risks, read the offer document carefully of the respective schemes before investing for full understanding and detail. Kindly read the Risk Disclosure Documents carefully before investing in Equity Shares, Derivatives, Commodities or other instruments. The information provided in these reports remains, unless otherwise stated, the copyright of Edelweiss. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright Edelweiss and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

Analyst Certification: The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Analyst holding stock / derivative position - No

Additional Disclaimer for U.S. Persons: This research report is a product of Edelweiss Securities Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Edelweiss Securities Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Edelweiss Securities Limited has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.