

Exhibit 1: Top Picks

Company	CMP (₹)TP (₹)	
Banking/NBFC		
RBL Bank	318	410
Shriram Transport Finance	1021	1410
Consumption		
Amber Enterprises	1509	1830
Safari Industries	634	807
Hawkins Cookers	4351	5232
KEI Industries	566	658
Real Estate/Infra/Logistics/Power		
GMM Pfaudler	2505	3437
Larsen & Turbo	1369	1689
Ultratech Cement	4418	5373

Source: Company, Angel Search

Closing price as on Jan 31, 2020

FPI flow positive for the fifth month in a row – Markets traded within a narrow range in the run up to the general budget on the 1st of February 2019. However positive global sentiments resulted in positive FPI inflows for the fifth month in a row at ₹ 12,123cr. Total flows for FY2020 stands at ₹63,101 cr. as of January 2020 end as compared to outflow of ₹87.7cr. for FY2019.

High frequency data and GST collections point to on an improving trend - Demand had been adversely impacted during the first half of FY2020 due to multiple factors. However demand has improved significantly since the beginning of the festive season which is supported by improving auto and consumer durable sales. The PMI numbers are also on an improving trend with the manufacturing PMI rising to 55.3 in Jan'20 from 52.7 in Dec'19 which is the highest in almost 8 years. Similarly the services PMI rose to 55.5 from 53.3 during the same period. Due to the economic slowdown tax collections were in a falling trend in 1HFY20. However with demand normalizing since the festive season, GST collections for Nov and Dec and Jan have come in above ₹ 1 lakh cr.

Union Budget tried to balance Fiscal prudence with growth – The Union Budget 2020-21 was a prudent one wherein the Government tried to balance growth and fiscal prudence. The Government is clearly looking to stimulate the economy through increased spending and tax cuts. The new optional tax regime introduced by the Government will be beneficial for section of people who do not take benefit of deductions. As expected the Government let fiscal deficit slip by 50bps for FY20 and FY21 to support growth. Key highlight of the Budget was the Government's focus on boosting domestic manufacturing as they increased import duties on a wide range of goods which will help domestic manufacturing companies.

Global developments to drive market movements in the short term – With the Union Budget out of the way global developments will play a key role in determining market movements in the short term. The spread of Corona virus globally will be keenly watched by the markets. Till now the virus has been largely contained in China and therefore the fallout has been limited. In case the Virus manages to spread globally then it could have an adverse impact on global and Indian markets. However if the authorities manage to contain the virus soon then it will be a major positive development for the markets.

Top pick's overview

We recommend our top picks as it has outperformed the benchmark BSE 100 since inception. We believe that quality midcaps along with consumer (both discretionary and non discretionary) space, private sector banks offers good growth opportunity going forward.

Exhibit 1: Top Picks Performance

	Return Since Inception (30th Oct, 2015)
Top Picks Return	59.9%
BSE 100	47.5%
Outperformance	21.6%

Source: Company, Angel Research

Top Picks

Stock Info

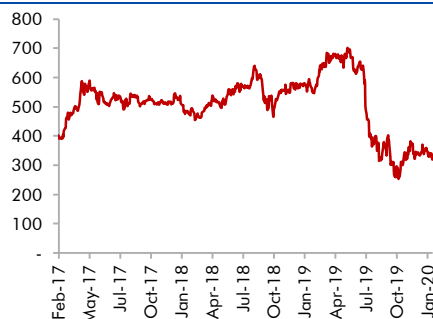
CMP	1,509
TP	1,830
Upside	21.3%
Sector	Electronics
Market Cap (₹ cr)	4,744
Beta	0.95
52 Week High / Low	1,639/622

2 year-Chart


Source: Company, Angel Research

Stock Info

CMP	318
TP	410
Upside	28.9%
Sector	Banking
Market Cap (₹ cr)	16181
Beta	2.23
52 Week High / Low	717/230

3 year-Chart


Source: Company, Angel Research

Amber Enterprise

- Amber Enterprises India Ltd. (Amber) is the market leader in the room air conditioners (RAC) outsourced manufacturing space in India. It is a one-stop solutions provider for the major brands in the RAC industry and currently serves eight out of the ten top RAC brands in India.
- In line with its strategy to capture more wallet share, it has made few acquisitions in the printed circuit board (PCB) manufacturing space which would boost its manufacturing capabilities.
- We expect Amber to report consolidated revenue/PAT CAGR of 25%/41% respectively over FY2019-22E. Its growing manufacturing capabilities and scale put it in a sweet spot to capture the underpenetrated RAC market in India.

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	4,665	8.6	210	66.9	15.1	22.6	3.4	1.1
FY2022E	5,362	8.8	258	82.2	15.7	18.4	2.9	0.9

Source: Company, Angel Research

RBL Bank

- RBL Bank (RBK) has grown its loan book at healthy CAGR of 53% over FY2010-19. We expect it to grow at 27% over FY2019-21E. With an adequately diversified, well capitalised balance sheet, RBK is set to grab market share from corporate lenders (mainly PSUs).
- During Q3FY20 the retail loan portfolio grew 49% yoy to ₹21,875cr and now constitutes 37% of the loan book (from 18% share in 4QFY2017). NIM has expanded to 4.41%, up 29bps yoy on the back of a changing portfolio mix. However, the management disclosed stressed asset worth ₹1,800cr, of which ₹1500cr has been slipped to NPA and 45% provision has been taken in last 2 quarters. Management is confident that it would normalize by Q1FY2021.
- RBL Bank currently trading at 1.6x its FY2021E book value per share, which we believe is reasonable for a bank in a high growth phase with improving retail loan mix and building strong retail liability franchise.

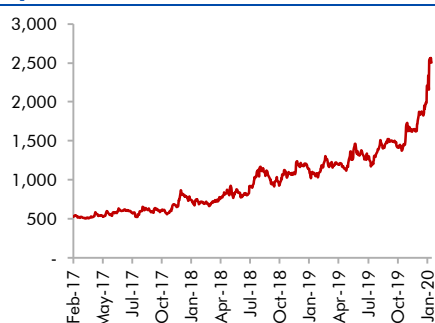
Key Financials

Y/E	NII	NIM	PAT	EPS	ABV	ROA	ROE	P/E	P/ABV
March	(₹ cr)	(%)	(₹ cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2021E	3,258	3.7	687	15	194	0.8	8.3	22.6	1.8
FY2022E	4,149	3.7	1,580	35	220	1.3	16.4	9.8	1.6

Source: Company, Angel Research

Stock Info

CMP	2,505
TP	3,437
Upside	37.2%
Sector	Machinery
Market Cap (₹ cr)	3,662
Beta	0.65
52 Week High / Low	2,635/1,021

3 year-Chart


Source: Company, Angel Research

GMM Pfaudler

- GMM Pfaudler Limited (GMM) is the Indian market leader in glass-lined (GL) steel equipment used in corrosive chemical processes of agrochemicals, specialty chemical and pharma sector. The company is seeing strong order inflow from the user industries which is likely to provide 20%+ growth outlook for next couple of years.
- GMM has also increased focus on the non-GL business, which includes mixing equipment, filtration and drying equipment for the chemical processing industry. It is expecting to increase its share of non-GL business gradually over the medium term.
- GMM is likely to maintain the 20%+ growth trajectory over FY19-21 backed by capacity expansion and cross selling of non-GL products to its clients.

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	824.5	21.8	144.4	98.9	29.0	25.3	7.4	4.1
FY2022E	955.0	21.8	30.5	114.5	26.2	21.9	5.7	3.5

Source: Company, Angel Research

Stock Info

CMP	634
TP	807
Upside	27.3%
Sector	Luggage
Market Cap (₹ cr)	1,417
Beta	0.58
52 Week High / Low	809/481

3 year-Chart


Source: Company, Angel Research

Safari Industries

- Safari Industries Ltd (Safari) is the third largest branded player in the Indian luggage industry. Post the management change in 2012, Safari has grown its revenue by 6x in the last 7 years. This has been achieved by foraying in many new categories like back pack, school bags (via acquisition of Genius and Genie) and improvement in distribution networks.
- Its margins have more than doubled from 4.1% in FY2014 to 9.1% in FY2019, driven by launch of new product categories and business. We expect it to maintain 9%+ margins from FY2018 onwards led by regular price hikes, shift towards organized player and favorable industry dynamics.
- We expect its revenue to grow by a CAGR of ~21%/~30% in revenue/earnings over FY2019-22E on the back of growth in its recently introduced new products.

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(x)	(%)	(%)	(x)
FY2021E	858.0	11.4	48.0	21.5	19.7	29.5	6.9	1.8
FY2022E	1010.8	11.5	60.0	26.9	20.1	23.6	5.6	1.5

Source: Company, Angel Research

Stock Info

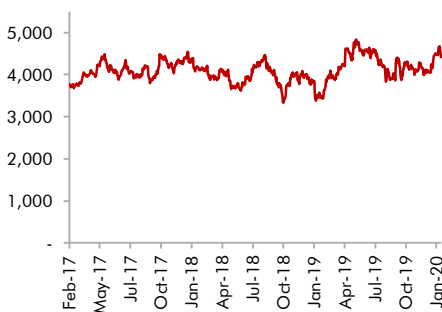
CMP	566
TP	658
Upside	16.3%
Sector	Cable
Market Cap (₹ cr)	5,071
Beta	1.21
52 Week High / Low	615/306

3 year-Chart


Source: Company, Angel Research

Stock Info

CMP	4,418
TP	5,373
Upside	21.6%
Sector	Cement
Market Cap (₹ cr)	127,512
Beta	1.38
52 Week High / Low	4,903/3,372

3 year-Chart


Source: Company, Angel Research

KEI Industries

- KEI's current order book (OB) stands at ₹4,489cr (segmental break-up: EPC is around ₹1,828cr and balance from cables, substation & EHV). Its OB grew strongly in the last 3 years due to strong order inflows from State Electricity Boards, Power grid, etc.
- KEI's focus is to increase its retail business from 30-32% of revenue in FY19 to 40-45% of revenue in the next 2-3 years on the back of strengthening distribution network (currently 926 which is expect to increase ~1,500 by FY20) and higher ad spend.
- KEI's export (FY19 – 16% of revenue) is expected to reach a level 20-25% in next two years with higher order execution from current OB and participation in various international tenders. We expect its revenue to grow by a CAGR of ~17%/~26% in revenue/ earnings over FY2019-22E

Key Financials:

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
March								
FY2021E	5928.3	10.3	303.3	39.3	23.5	14.4	7.5	0.8
FY2022E	6817.5	10.3	363.3	47.0	22.4	12.0	6.4	0.7

Source: Company, Angel Research

Ultratech Cement

- Ultratech Cement is India's largest cement manufacturer with over 100mn TPA of capacity spread across the country with a strong presence in Central, North, and West India.
- The company has added capacity by taking over stressed assets of over ~30mn TPA since 2017. Company took over Century textile's cement capacity of 14.4mn TPA in Q2FY20 which will give it 40% plus market share in West and Central India which are amongst the best regions.
- Increased costs due to high energy prices had adversely impacted margins in 1HFY19. However strong pricing discipline due to consolidation allowed cement companies to hike prices in Q4FY19. Energy prices (coal and pet coke) have come off significantly since the beginning of 2019 which along with benign freight costs would allow cement companies to protect margins despite any marginal dip in realizations.
- We are positive on the long term prospects of the company given ramp up from acquired capacities, pricing discipline in the industry and benign energy & freight costs.

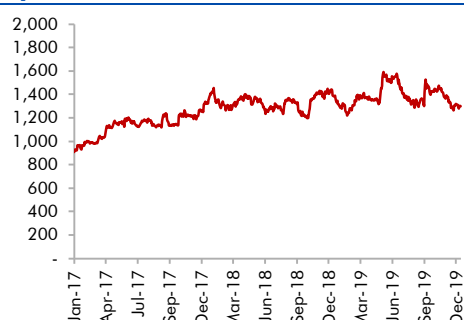
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
March								
FY2021E	47182	23.6	5109	177	12.9	25.0	3.0	2.9
FY2022E	51811	24.0	6175	214	13.8	20.6	2.7	2.6

Source: Company, Angel Research

Stock Info

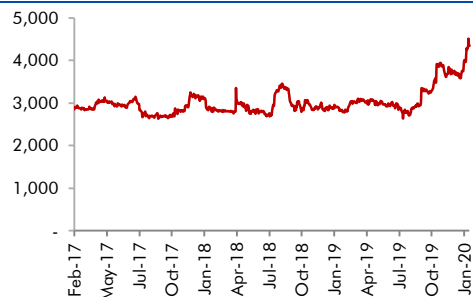
CMP	1,369
TP	1,689
Upside	23.4%
Sector	Infrastructure
Market Cap (₹ cr)	192,186
Beta	1.34
52 Week High / Low	1607/1203

3 year-Chart


Source: Company, Angel Research

Stock Info

CMP	4,351
TP	5,232
Upside	20.2%
Sector	Houseware
Market Cap (₹ cr)	2,301
Beta	0.67
52 Week High / Low	4,684/2,606

3 year-Chart


Source: Company, Angel Research

Larsen & Toubro

- L&T is India's largest EPC company with strong presence across various verticals including Infra, Hydrocarbon and services segment. The company also has a very strong presence in the IT services and NBFC space through its various subsidiary companies which are also growth drivers for the company.
- L&T continued to report strong order flows during Q2FY20 despite the quarter being hampered by economic slowdown. Company reported order flow of ₹483bn and retained its guidance of a 10-12% order inflow for the year and 12-15% revenue growth guidance.
- Management had indicated a very strong pipeline for FY20 of ₹9lakh crore which includes both domestic as well international orders. The company has a strong order backlog of over ₹3lakh crore and the pipeline provides strong visibility for new order flows for the rest of the year.

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	96554.2	9.9	8159.3	58.2	13.6	23.7	3.1	1.8
FY2022E	107271.7	10.1	9322.8	66.5	14.4	20.7	2.9	1.6

Source: Company, Angel Research (Above numbers are of parent entity only).

Hawkins Cookers

- Hawkins Cookers Ltd (HCL) operates in two segments i.e. Pressure Cookers and Cookware. Over the last two years, the company has outperformed TTK Prestige (market leader) in terms of sales growth ~13% vs. ~4% in Cookers & Cookware segment.
- Cooking gas (LPG) penetration has increased from 56% in FY2014 to 80% in FY2019, which would drive higher growth for Cookers & Cookware compared to past.
- Going forward, we expect HCL's margins to improve 80-100bps on the back of falling raw material prices and because the company had already taken a price hike previously. We expect its revenue to grow by a CAGR of ~13%/~24% in revenue/ earnings over FY2019-22E

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	837.3	15.1	89.3	168.9	46.8	25.8	12.1	2.7
FY2022E	954.5	15.1	102.5	193.8	42.7	22.5	9.6	2.4

Source: Company, Angel Research

Stock Info

CMP	1,021
TP	1,410
Upside	38.1%
Sector	Financials
Market Cap (₹ cr)	23,159
Beta	1.70
52 Week High / Low	1,297/910

3 year-Chart


Source: Company, Angel Research

Shriram Transport

- SHTF's primary focus is on financing pre-owned commercial vehicles. We expect AUM growth to improve going ahead led by (1) good monsoon which will improve rural economic activity, (2) pick-up in infra/construction activity, (3) ramping up in rural distribution.
- SHTF gradually expanded its offering to existing borrower with good track record. We expect asset quality to remain stable owing to a) lower LTVs since 3QFY2019 and b) stable collateral value as used CV prices to improve or remain stable in a BS6 regime and likely implementation of scrappage policy.
- We expect SHTF to report RoA/RoE of 3%/18.3% in FY2021E respectively. At CMP, the stock is trading at 1.2x FY2021E ABV and 7x FY2021E EPS, which is reasonable for differentiated business model with high return ratios.

Key Financials

Y/E	NII	NIM	PAT	EPS	ABV	ROA	ROE	P/E	P/ABV
	(₹ cr)	(%)	(₹ cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
March									
FY2021E	9,307	8.0	3,449	152	947	2.8	17.3	6.8	1.1
FY2022E	10,391	8.0	3,847	170	1,097	2.8	16.6	6.1	1

Source: Company, Angel Research

Exhibit 2: Changes in Recommendation

Hold Date	Stock name	Hold Price
Stocks on Hold		
6/6/2019	Inox Wind	55
6/9/2019	Aditya Birla Capital	93
5/10/2019	Jindal Steel	94
28/01/2020	ICICI Bank	536

Stocks sold in last 6 months

Selling date	Stock name	Sell Price
6/11/2019	M&M	580
8/11/2019	TTK Prestige	6075
29/11/2019	Yes Bank	65
6/12/2019	Ashok Leyland	76
9/12/2019	Blue star	813
21/01/2020	HDFC Bank	1246
27/01/2020	Siyaram Silk Mills	229
28/01/2020	Maruti Suzuki	7065
29/01/2020	Music Broadcast	28.6
30/01/2020	GIC Housing	153.7
1/2/2020	Parag Food Milks	137.2
7/2/2020	Bata India	1856

Hold – While we recommend to Hold on to existing positions at current level, we would await for further data points before recommending any fresh purchases.

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1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

**Ratings (Based on Expected Returns:
Over 12 months investment period)**

Buy (> 15%)

Accumulate (5% to 15%)

Neutral (-5 to 5%)

Reduce (-5% to -15%)

Sell (< -15%)

Hold (Fresh purchase not recommended)