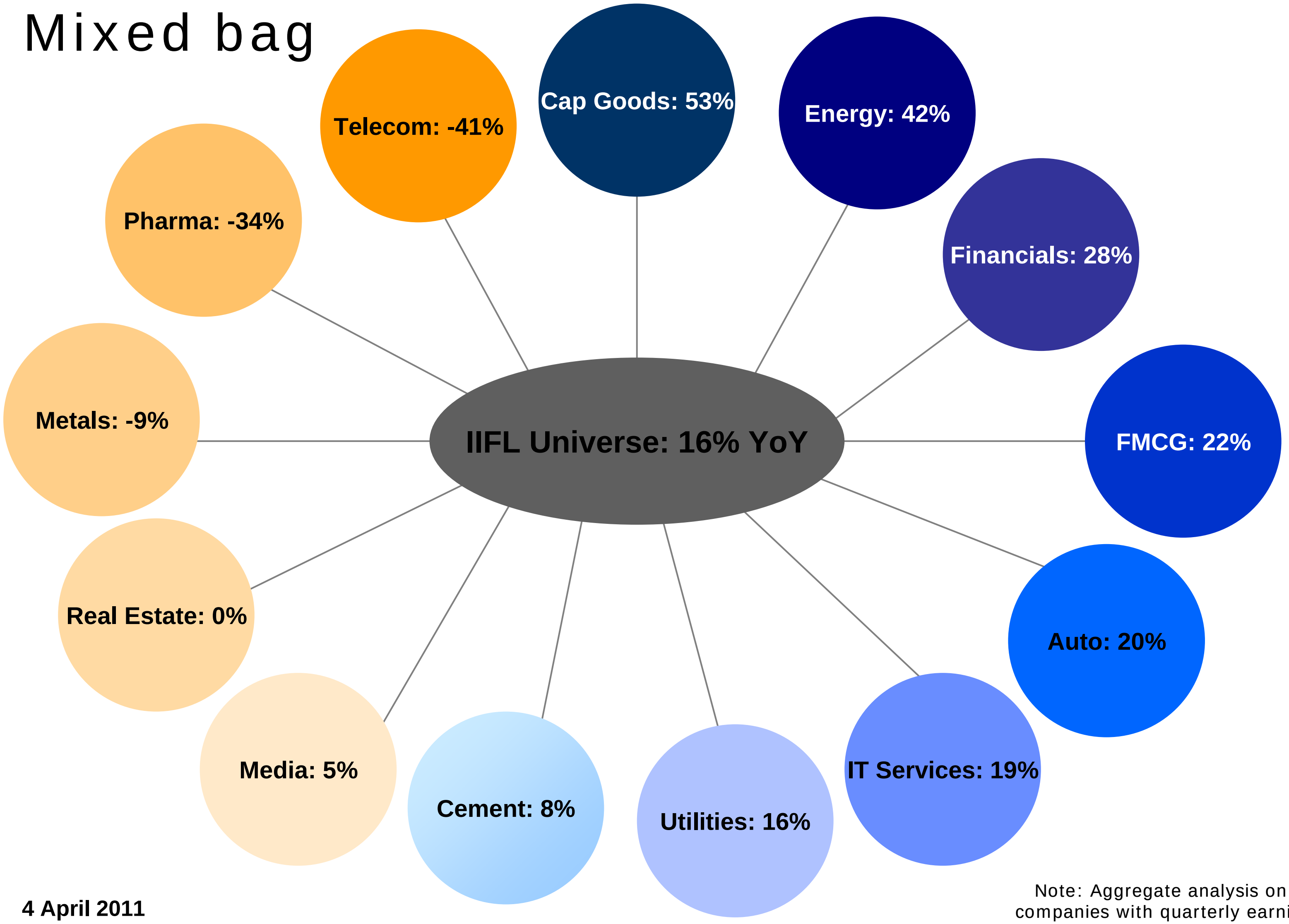
4QFY11 Earnings Preview

IIFL Institutional Equities

Mixed bag



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Note: Aggregate analysis on slides 1 to 13 based on a uniform sample of companies with quarterly earnings history dating back to 1QFY09 or earlier

4Q earnings preview: Mixed bag

With corporate margins under severe pressure due to across-the-board cost inflation, we expect profit growth for our universe to decelerate, but still be at a reasonable 16% (ex OMCs) for 4QFY11. This will be sharply lower than the >25% earnings growth during 2Q and 3Q. We expect this moderation in earnings growth to continue in FY12 as well, as overall growth in the economy moderates due to high inflation and rising interest rates. Consensus earnings estimates remain optimistic at ~18-20% growth for FY12 and will see downgrades.

- **Top-line growth to remain robust, but growth already moderating:** While overall revenue growth for our universe will remain robust at over 20% (broadly in-line with preceding two quarters), incipient signs of a slowdown in growth are already visible. Domestic-demand driven sectors like Autos, and Media as well as investment-demand driven sectors like Steel and Cement have seen signs of a slowdown towards the end of the quarter, a trend we expect will continue throughout the next few quarters.
- **Financials, Commodities the key contributor:** While overall profit growth for our universe will likely be a reasonable 20%, commodity sectors with 20% profit growth and financials with 28% profit growth will contribute to 65% of the profit growth during the quarter. Excluding both these sectors, profit growth will be just 10% YoY. Assuming these estimates materialise, profit growth excluding commodities and financials would have grown at 10% or lower for four quarters in a row, even as revenue growth remains at 20%.
- **Margin pressures to continue:** Almost every item of a company's P&L (such as material costs, labour costs, fuel, interest expense) has seen a sharp jump over the past few months. Even assuming a quarter's inventory, input costs have risen in double-digit terms during the quarter. Notwithstanding this, margins will likely be surprisingly resilient in 4Q, due to rebound in margins in few companies (Tata Motors, ABB, Punj, BHEL, Grasim, India Cements, Educomp, IBREL) from the low base of 4Q of last year. Excluding these companies, margins in 4Q for our universe (ex commodities) will decline 76bps YoY— 4^{th} consecutive quarter of YoY margin decline.
- **Consensus earnings growth likely to see downgrades:** Since the start of the year, consensus EPS estimates for key indices have seen a modest 1-2% downgrade for FY12; however, they still imply a 18-20% growth. We expect further earnings downgrades post the 4Q results, as margin headwinds build, and growth moderates, due to a combination of sustained high inflation and tight monetary policy.
- **Our top large-cap BUYs remain:** Bajaj Auto, BHEL, Coal India, HDFC Bank, ITC, Infosys, M&M, Sun Pharma and Tata Steel.

Across-the-board input cost pressures

Indicator	Assuming less than 1qtr inventory YoY %	Assuming less than 1qtr inventory QoQ %	Assuming at least 1qtr inventory YoY %	Assuming at least 1qtr inventory QoQ %	User companies
Aluminium	15.5%	6.9%	16.9%	12.0%	All auto companies
Copper	33.1%	11.7%	29.8%	18.9%	All auto, engineering companies
Zinc	4.9%	3.5%	4.6%	14.8%	
Lead	17.5%	8.9%	4.5%	17.1%	Exide, Amara Raja
Steel	26.2%	16.2%	20.3%	3.9%	All auto, capital goods, construction companies
Cement	9%	10%	4%	9%	Real estate, construction companies
Coal	34.7%	19.6%	39.0%	13.8%	All cement companies barring Shree cement
Crude oil (brent)	36.4%	20.7%	16.0%	14.5%	Oil marketing companies
Naphtha	28.2%	13.6%	18.9%	22.2%	
Polyethylene	2.0%	6.2%	3.2%	12.8%	Dabur, HUVR, Emami, Marico
Polypropylene	21.0%	13.5%	21.9%	13.2%	Dabur, HUVR, Emami, Marico
Wheat	-0.5%	3.1%	-5.7%	4.2%	Nestle, Britannia, GSK Consumer
Sugar	-20.0%	0.1%	-13.7%	7.8%	Nestle, Britannia, GSK Consumer
Milk	10.3%	0.3%	19.1%	1.0%	Nestle, GSK Consumer
Palm Oil	42.7%	12.1%	42.6%	23.8%	HUVR, Godrej Consumer
LAB	12.0%	14.0%	-9.0%	1.5%	HUVR, Godrej Consumer
Cotton	95.5%	24.9%	71.8%	29.1%	Textile companies
Rubber	59.4%	16.1%	63.6%	10.2%	Tyre companies
Copra	51.8%	12.0%	42.6%	25.2%	Marico

Source: Bloomberg, IIFL Research

Interest costs will also start pinching

Top 15 companies in IIFL Coverage	Interest % of EBITDA FY11ii	Interest % of EBITDA FY12ii
Suzlon	118.6	51.1
Bombay Dyeing	100.5	99.6
Punj Lloyd	82.3	44.5
Kesoram Industries	59.2	52.5
GMR Infrastructure	56.8	49.4
B L Kashyap & Sons	54.2	50.0
Hindustan Construction	50.8	49.7
GVK Power & Infra	48.9	26.6
United Spirits	43.7	42.8
Jaiprakash Associates	42.9	41.4
Patel Engineering	41.5	36.5
KSK Energy Ventures	41.5	36.4
Pantaloon Retail	41.0	37.3
DLF Ltd	40.5	38.6
Gammon India	40.2	40.6
IIFL Universe (ex Financials)	10.0	9.7

Source: Bloomberg, IIFL Research

Short-term borrowing costs have increased over 150bps during 4Q

Source: Bloomberg, IIFL Research

Base rate of banks have also risen 50-100bps during 4Q

Base Rate (%)	Jun-10	Sep-10	Dec-10	Mar-11	Change from June (bps)
SBI	7.50	7.50	8.00	8.25	0.75
HDFC Bank	7.25	7.50	7.75	8.70	1.45
ICICI Bank	7.50	7.50	8.25	8.75	1.25
Axis Bank	7.50	7.50	8.00	8.75	1.25
PNB	8.00	8.00	9.00	9.50	1.50
Bank of Baroda	8.00	8.00	9.00	9.50	1.50
Bank of India	8.00	8.00	9.00	9.50	1.50
Union Bank	8.00	8.00	9.00	9.50	1.50

Source: Respective banks, IIFL Research

Price increases: lagged, inadequate

Key price changes in the last 3-4 months

Company/Category	Price change	Month
Colgate	3%	January
Emami - Balms	10%	January
Emami - cooling oils	10%	December
HUL - Soaps	4-5%	February
ITC - Cigarettes	4%	January
Dabur - Hair Oils	10%	November
Marico - coconut oil	30%	August - February
GSK Consumer	5%	November
Autos - 4W	1-2%	January
Autos - 2W	2-3%	January
Autos - CVs	2%	January
Cement	20%	January - March
Tyres	2%	February
HUL - wheel/Rin	8-10%	March
P&G - Tide plus	17%	February

Source: Company, IIFL Research

Profits: Sequential moderation in trend

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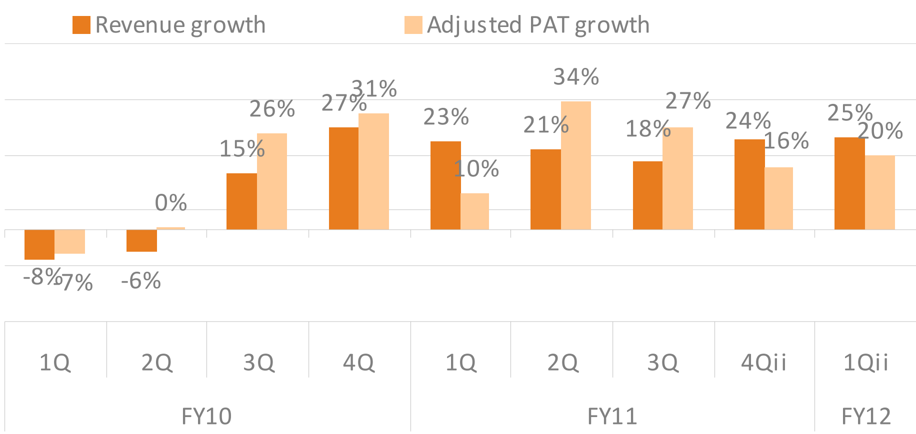
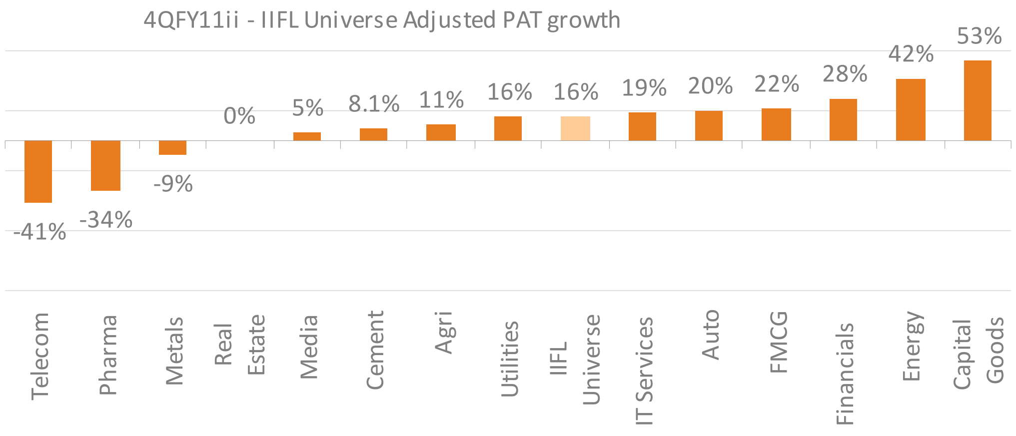
IIFL Universe: Profit growth to moderate to 16%, lag revenues



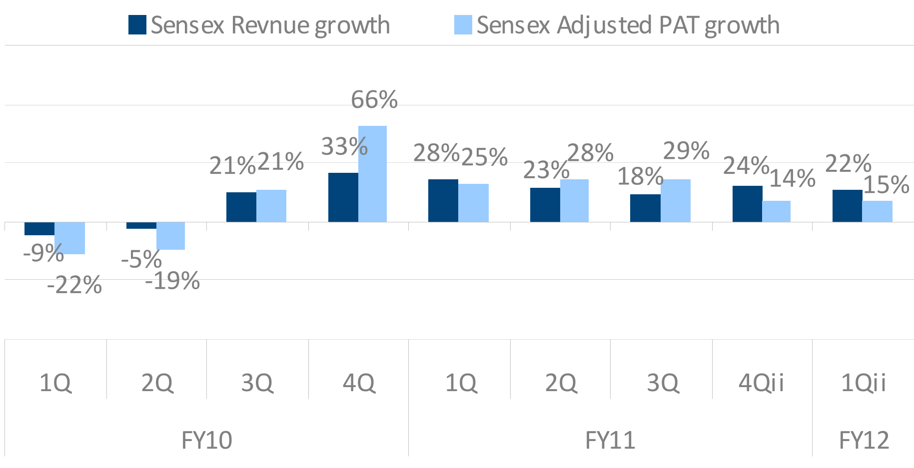
Source: IIFL Research

IIFL Universe: Capital goods, Energy to have strongest profit growth



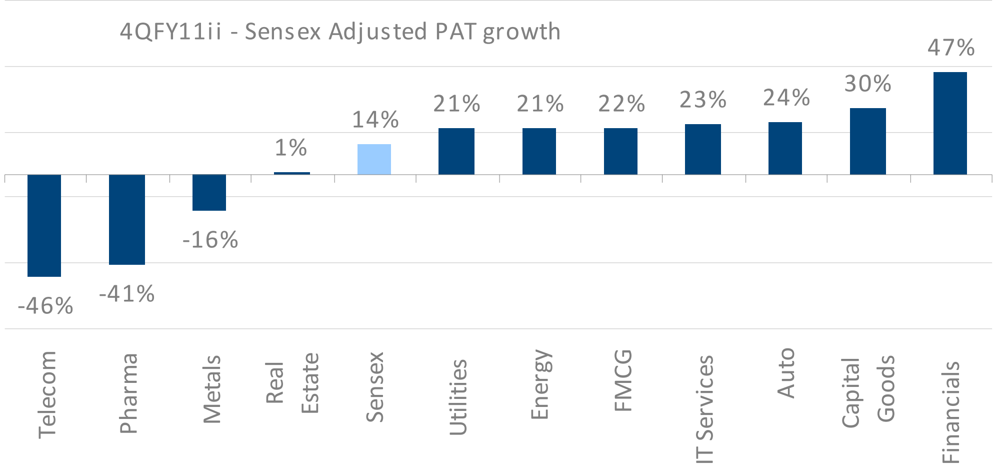
Source: IIFL Research

Sensex: Profit growth likely to be even lower at 14%



Source: IIFL Research. Note: Sensex aggregation is on full market-cap basis.

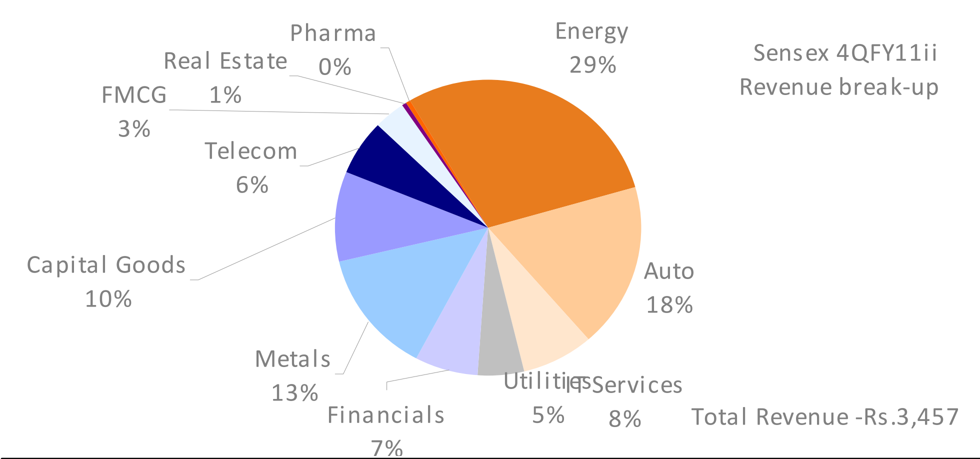
Sensex: Financials, Cap goods to have strongest profit growth



Source: IIFL Research. Note: Sensex aggregation is on full market-cap basis

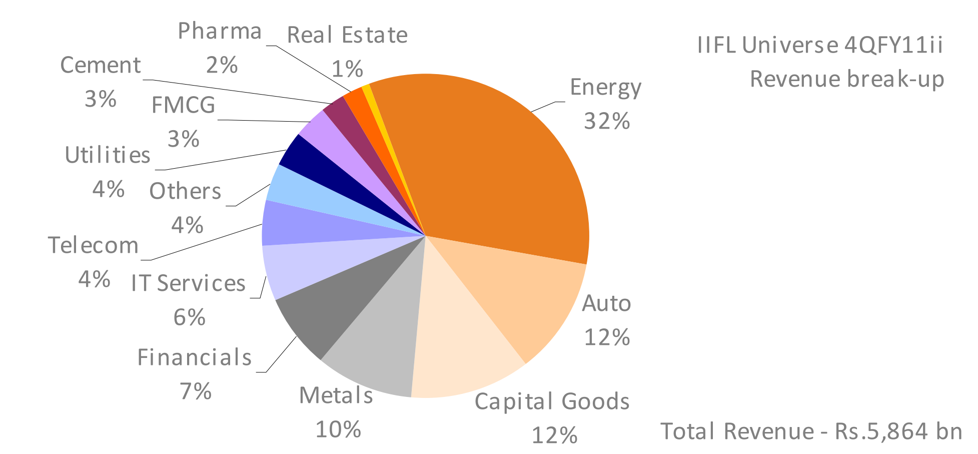
Revenues: Energy & Autos dominate

Sensex: Energy, Autos to contribute almost half of 4Q revenues



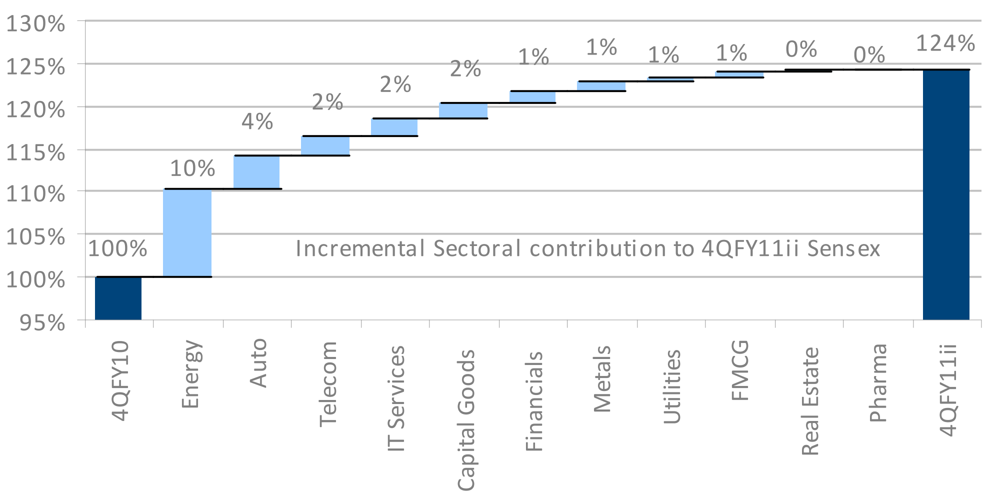
Source: IIFL Research. Note: Sensex aggregation is on full-market-cap basis.

IIFL Universe: Energy, Autos to contribute 44% of 4Q revenues



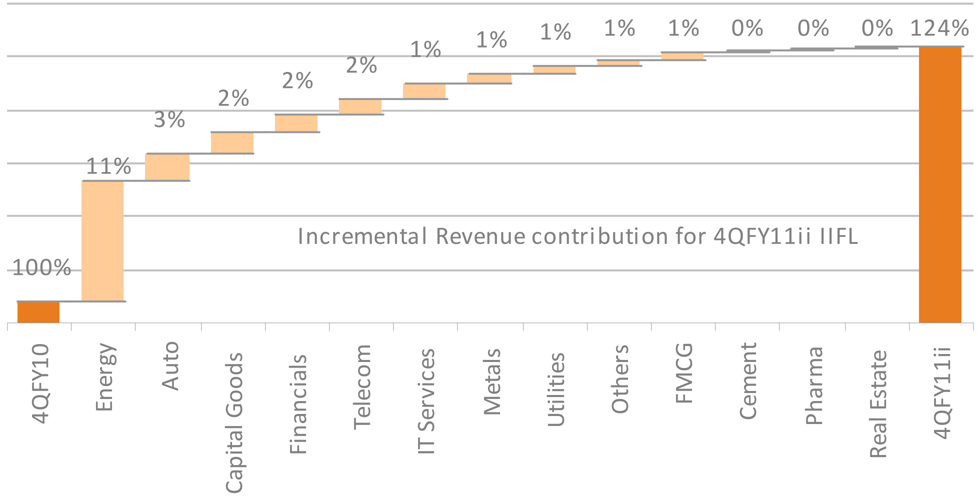
Source: IIFL Research

Sensex: Energy, Autos to contribute ~60% of 4Q revenue growth



Source: IIFL Research. Note: Sensex aggregation is on full-market-cap basis.

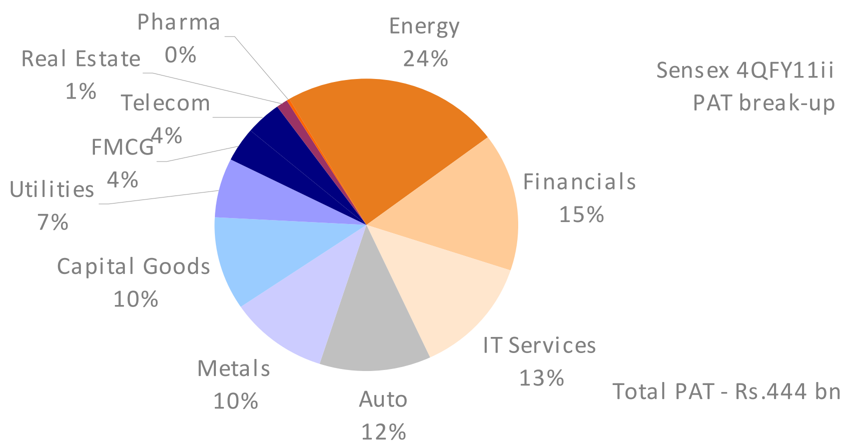
IIFL Universe: Identical contribution of Energy, Autos to Sensex



Source: Companies, IIFL Research

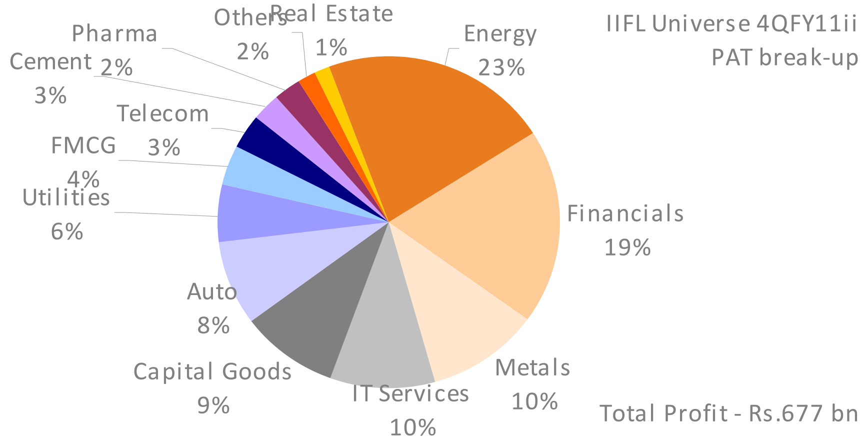
Profits: Energy & Financials to dominate

Sensex: Energy, Financials to contribute ~39% of 4Q PAT



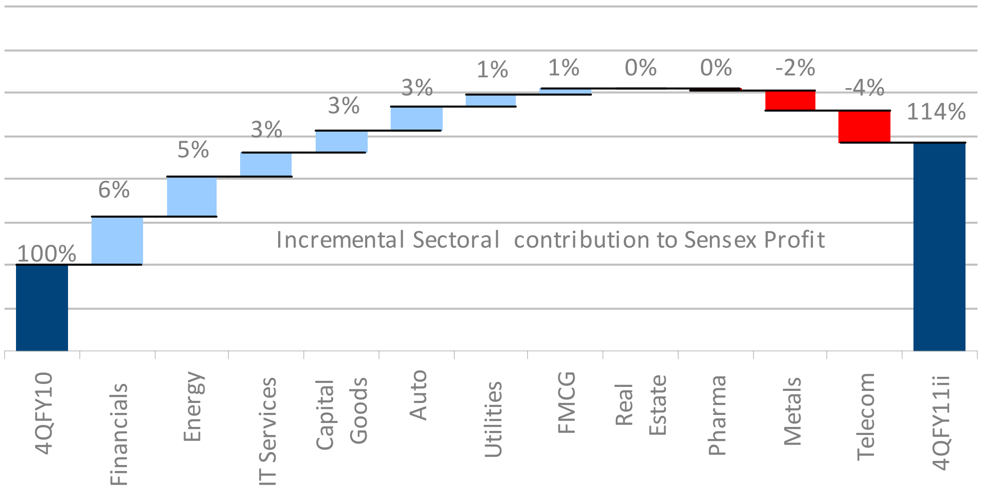
Source: IIFL Research. Note: Sensex aggregation is on full-market-cap basis.

IIFL Universe: Energy, Financials to contribute 42% of 4Q PAT



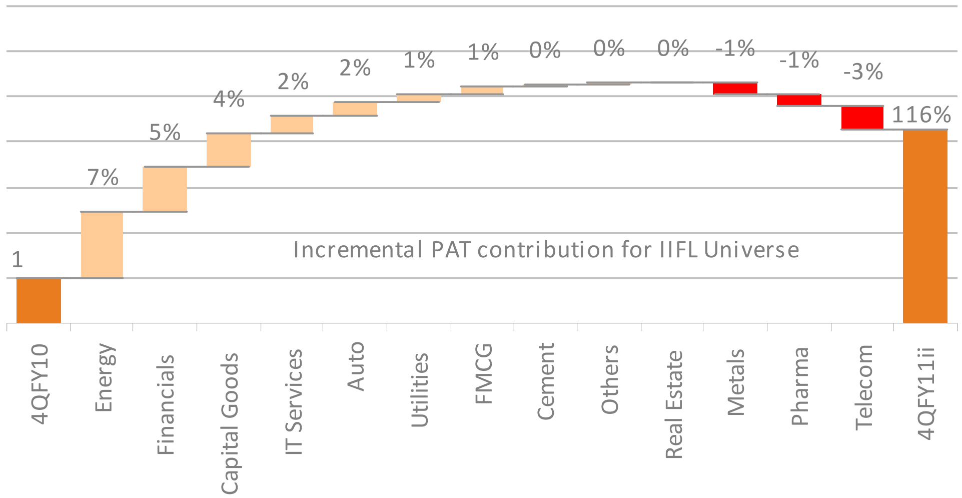
Source: IIFL Research.

Sensex: Financials, Energy to contribute over 70% of PAT growth



Source: IIFL Research. Note: Sensex aggregation is on full-market-cap basis.

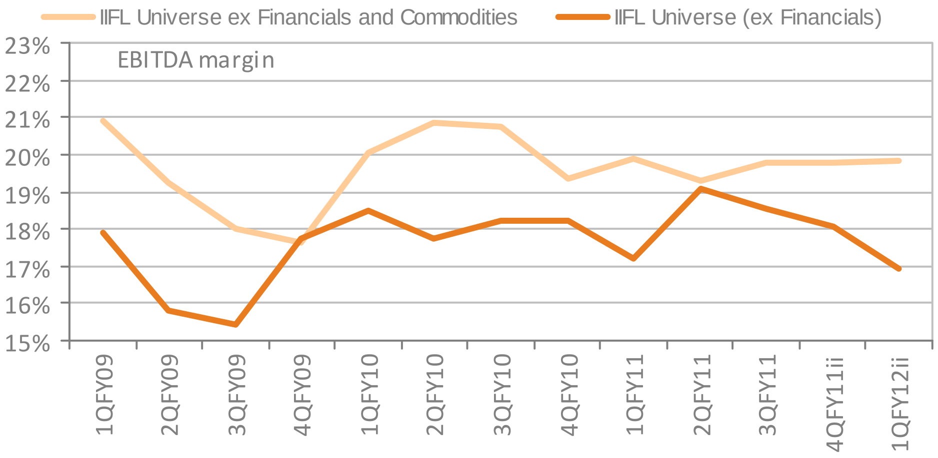
IIFL Universe: Energy, Financials to contribute 65% of PAT growth



Source: IIFL Research.

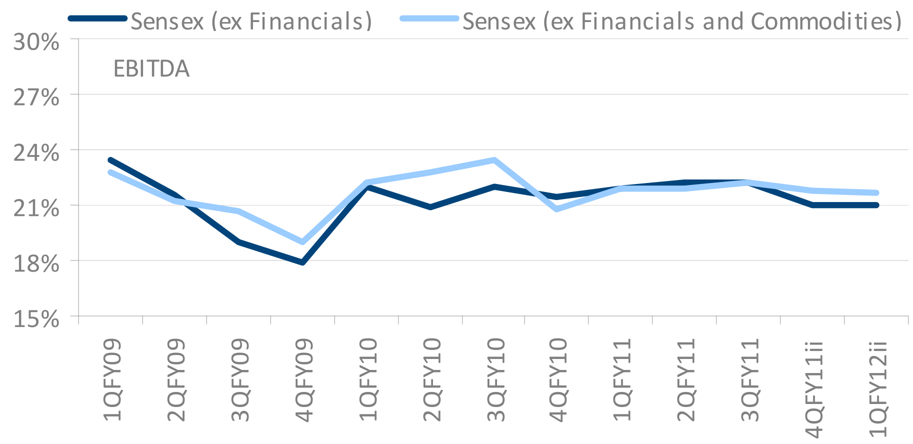
Margins: Misleading resilience

IIFL Universe: Ex commodities will actually expand 46bps YoY



Source: IIFL Research

Sensex: 100bps YoY margin decline for Sensex (ex commodities)



Source: IIFL Research

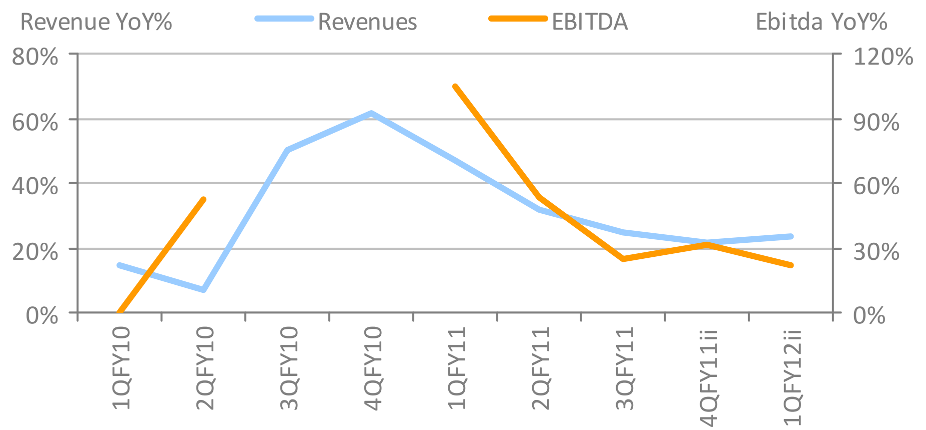
Margins: Autos, Cap goods, FMCG to see YoY margin expansion

	EBITDA margin			Change (bps)	
	4QFY10	3QFY11	4QFY11ii	YoY	QoQ
Agri	20.7%	19.8%	19.9%	(82)	11
Auto	12.6%	13.8%	13.6%	104	(19)
Capital Goods	12.7%	13.1%	15.2%	250	208
Cement	24.7%	17.9%	24.6%	(8)	669
FMCG	20.6%	21.7%	20.8%	18	(93)
IT Services	26.6%	25.7%	25.9%	(73)	18
Metals	24.0%	18.8%	22.2%	(179)	338
Media	35.9%	36.4%	31.5%	(435)	(481)
Oil & Gas	14.1%	16.3%	14.3%	20	(202)
Pharma	27.5%	21.0%	21.3%	(621)	28
Real Estate	39.6%	42.9%	42.2%	262	(74)
Telecom	33.3%	30.3%	31.9%	(144)	161
Utilities	27.1%	30.7%	26.1%	(102)	(459)
IIFL Universe (ex Financials)	18.2%	18.5%	18.1%	(13)	(46)
IIFL Universe (ex Financials and Commodities)	19.3%	19.8%	19.8%	46	1
IIFL Commodities	16.8%	17.0%	16.1%	(68)	(90)

Source: IIFL Research

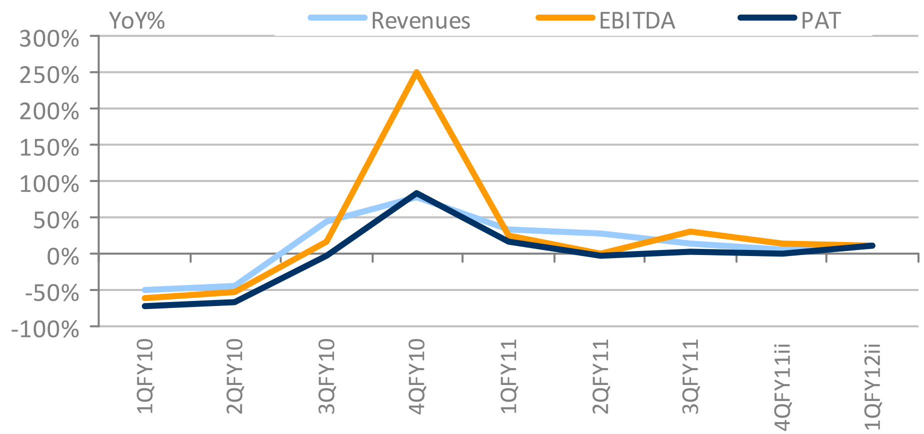
Domestic cyclicals: Deceleration

Auto: Strong revenue, earnings momentum despite strong base



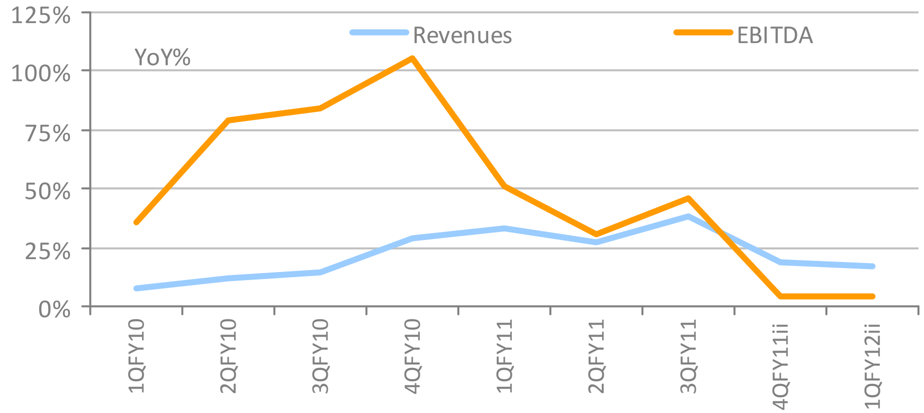
Source: IIFL Research

Real Estate: Sluggish YoY growth despite record property prices



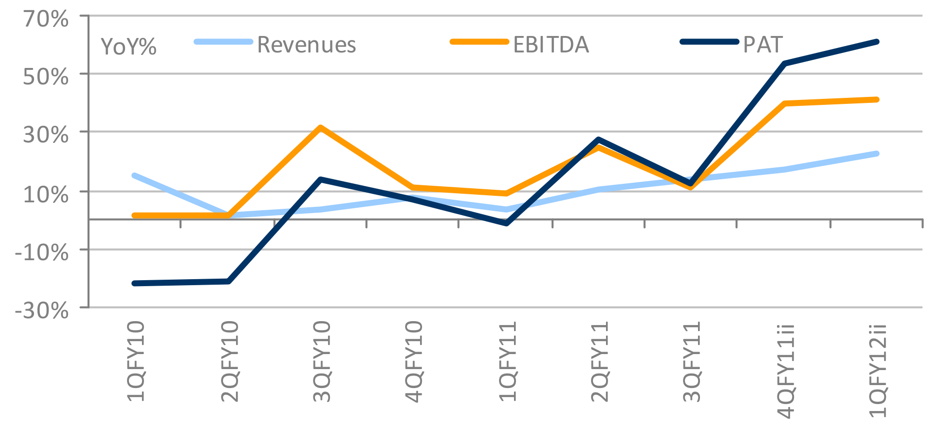
Source: IIFL Research

Media: Strong revenue growth, but EBITDA growth to be weak



Source: IIFL Research

Cap Goods: Revenue, profit growth to accelerate as low base kicks in



Source: IIFL Research

Global cyclicals: Strong results

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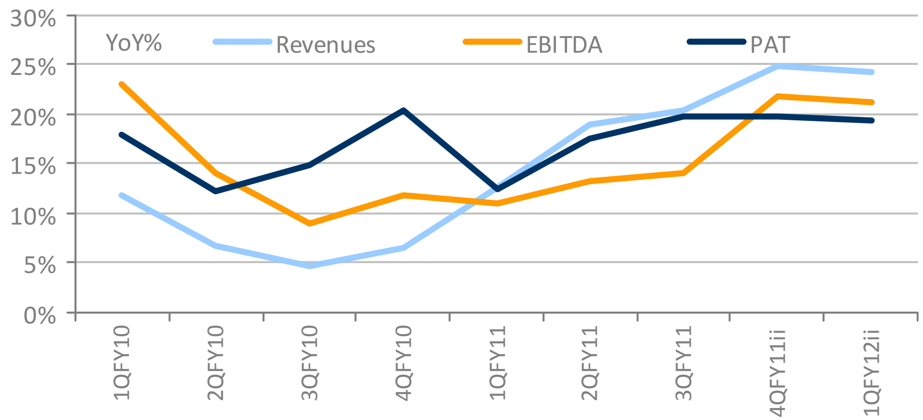
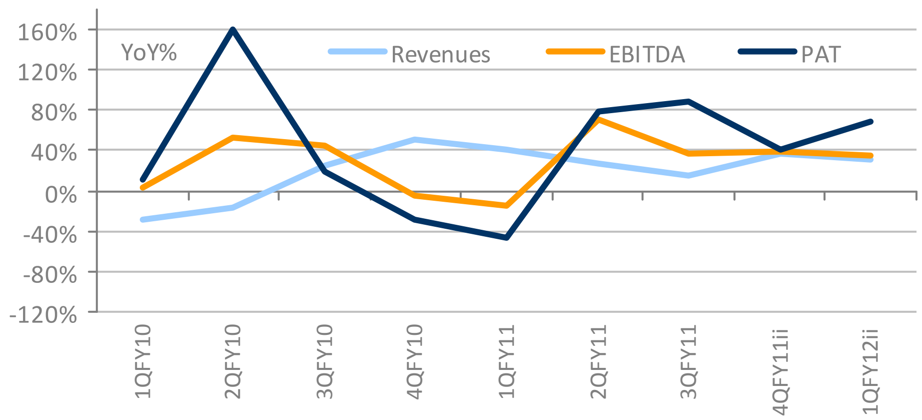
IT Services: YoY acceleration in revenues as well as profits



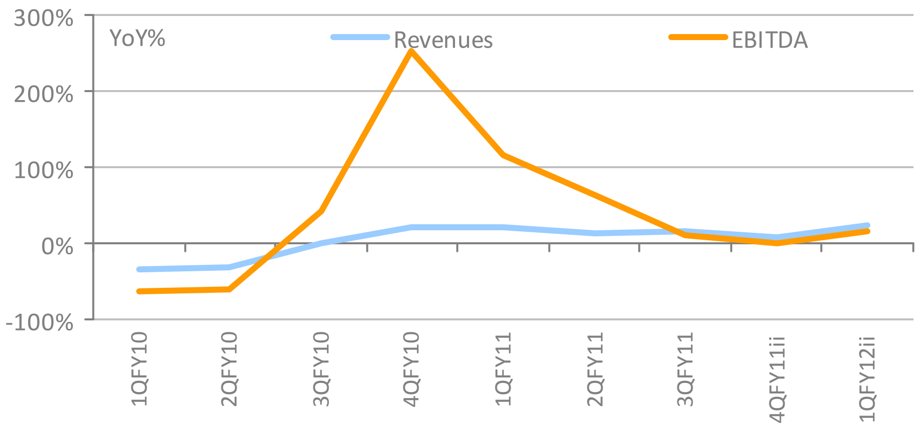
Source: IIFL Research

Energy: Robust revenue and profit growth likely



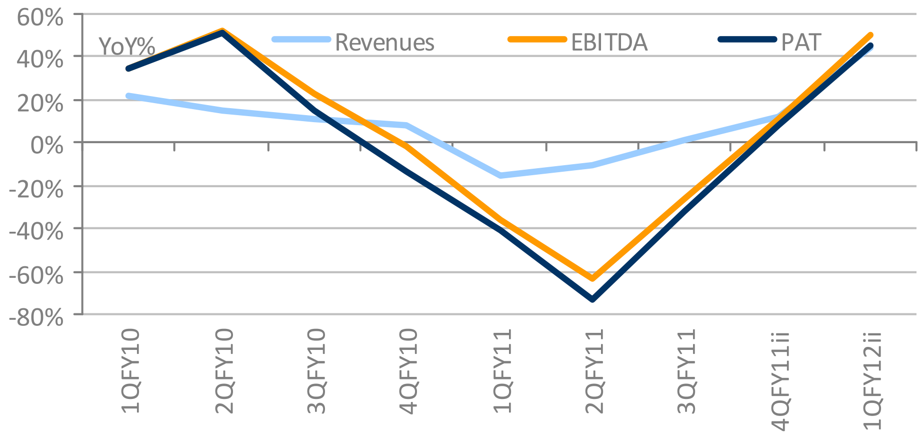
Source: IIFL Research

Metals: Sluggish growth, as high base weighs in



Source: IIFL Research

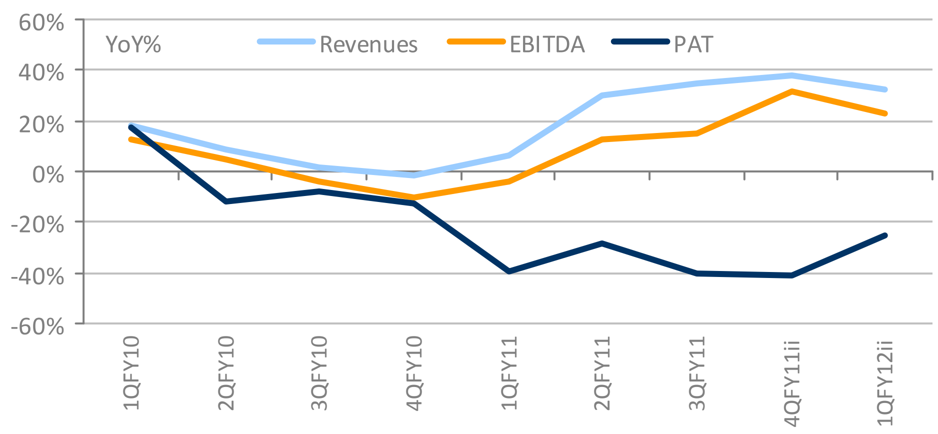
Cement: Revenues, profits to grow YoY after few quarters of decline



Source: IIFL Research

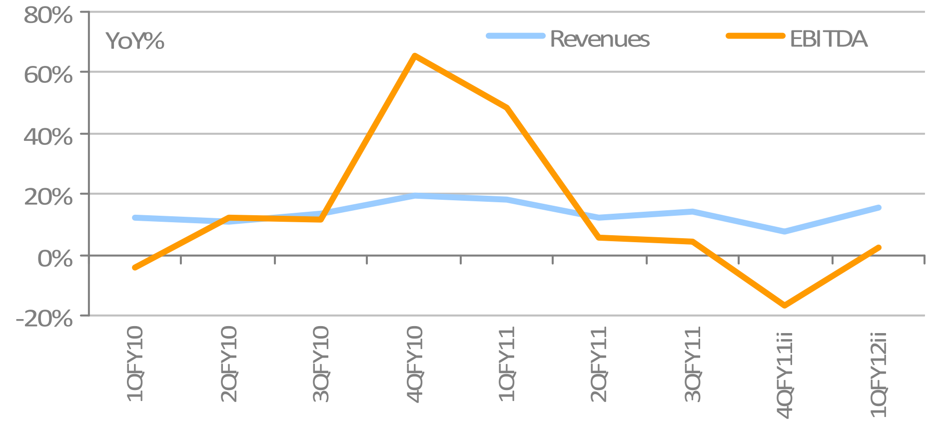
Defensives: Mixed signals

Telecom: Profits to continue to decline YoY; revenues to pick-up



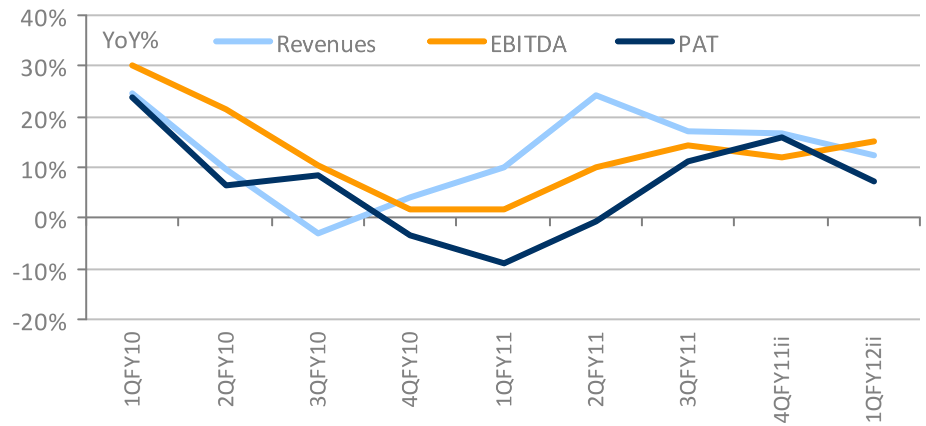
Source: IIFL Research

Pharma: Strong revenue growth; EBITDA to decline YoY



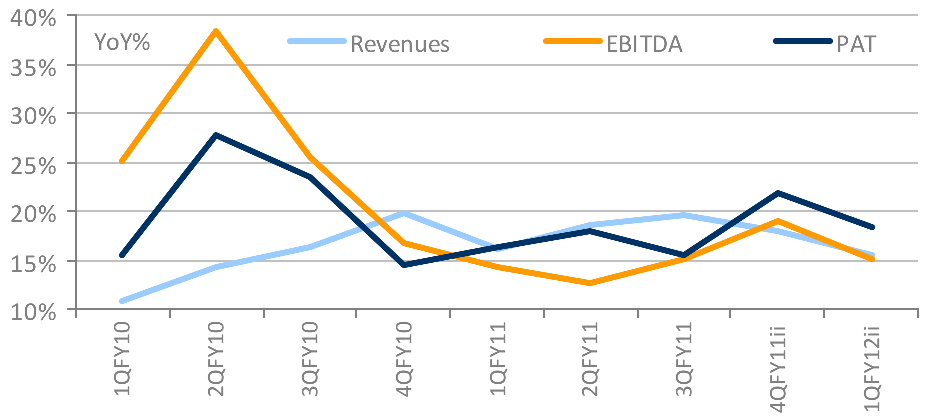
Source: IIFL Research

Utilities: Strong double-digit growth in revenues and profits



Source: IIFL Research

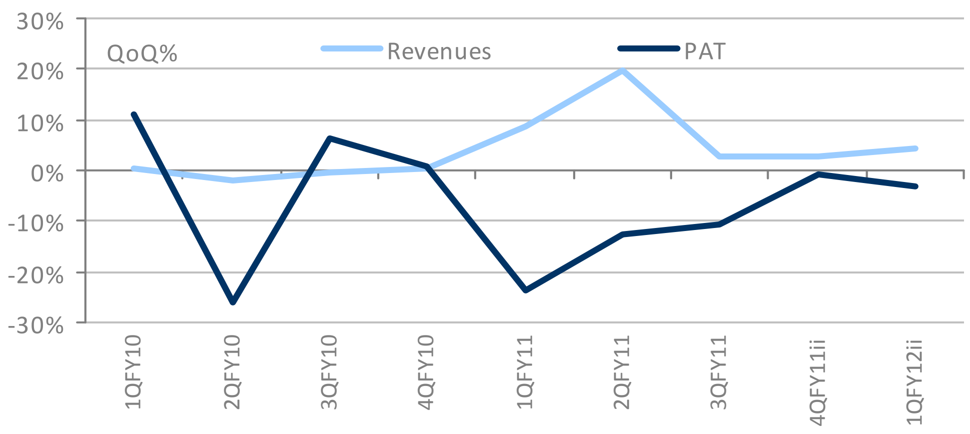
FMCG: Revenue growth to decelerate; profit growth to accelerate



Source: IIFL Research

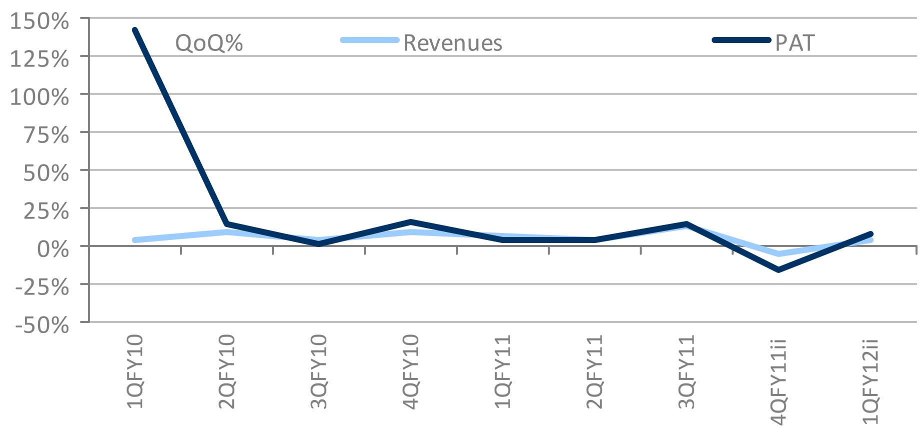
Weak sequential trends in few sectors

Telecom: Profits likely to continue to decline QoQ



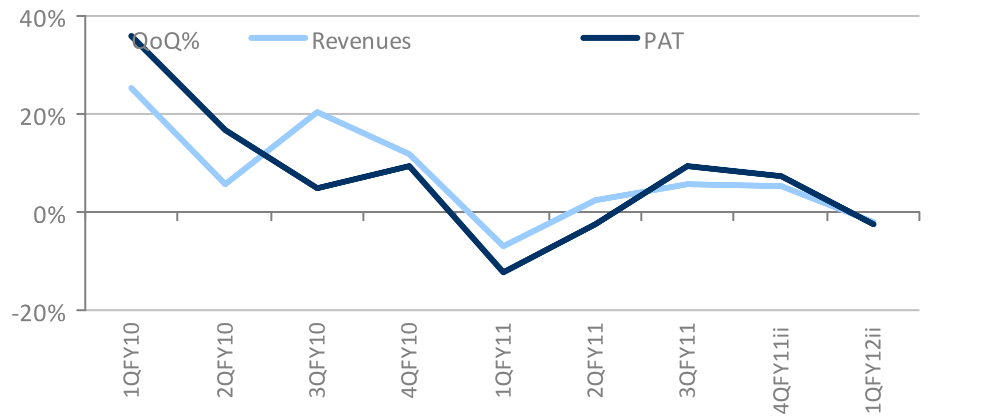
Source: IIFL Research

Media: Revenues, profits to decline QoQ



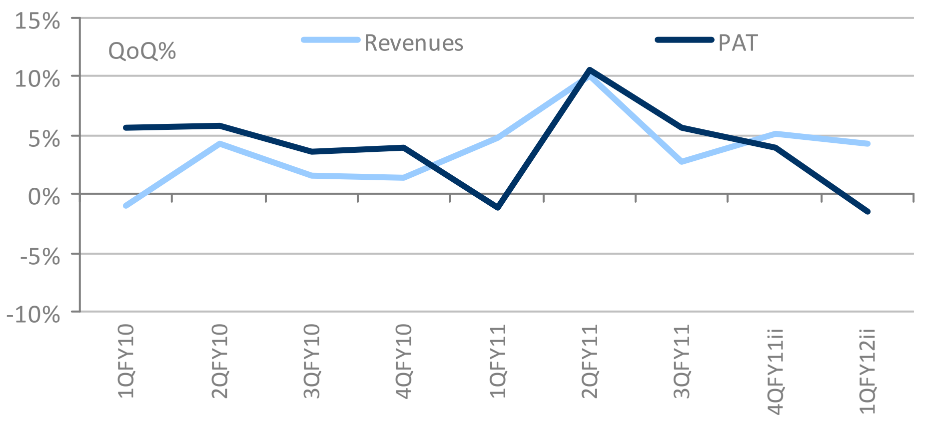
Source: IIFL Research

Real Estate: Strong QoQ revenue and profit growth



Source: IIFL Research

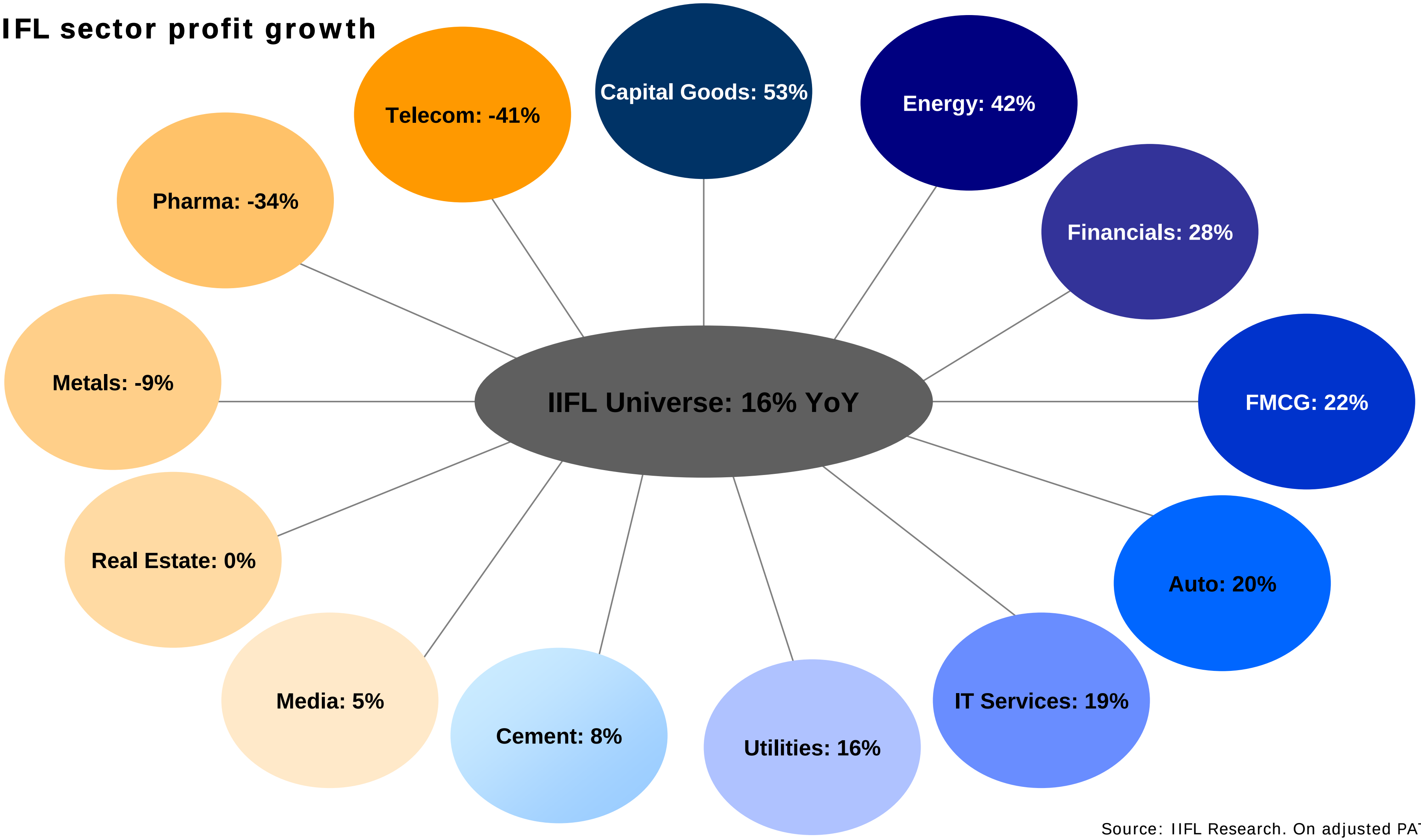
IT: Strong revenue momentum, profit growth to decelerate



Source: IIFL Research

IIFL Universe: Sector result snapshot

IIFL sector profit growth



Source: IIFL Research. On adjusted PAT basis

Autos – Neutral

- **Healthy volume growth in 4Q, but signs of moderation in March:** All companies under our coverage, barring Ashok Leyland, had a healthy double-digit volume growth. Revenue growth is better than volume growth, as FY11 has seen >5% price hikes in all segments except passenger cars.
- **Price hikes will help maintain margins QoQ, but sharply down YoY:** Manufacturers across segments have increased prices by 1-2% during the quarter, by and large passing on the impact of increase in commodity prices. This should help them maintain margins QoQ, but most companies would have a large YoY decline in margins.
- **4Q is a strong quarter for CV companies:** Hence, we expect Ashok Leyland's profits to double QoQ.
- **Currency will play spoilsport for Maruti and Tata Motors:** Yen continues to appreciate further (1.5% QoQ) though there was some respite for Maruti on the Euro front (down 2.2% QoQ). USD depreciation against the GBP (1.5% QoQ) could impact JLR's margins.
- **Best large-cap results expectation:** Tata Motors, Ashok Leyland

Company	Sales growth (YoY)	EBITDA margin (%)	EBITDA margin (bps)(change YoY)	EBITDA margin (bps)(change QoQ)	Pre exceptional PAT (YoY)	Comment
Bajaj Auto	30%	19.8	-310 bps	-50 bps	18.5%	Healthy volume growth will help deliver robust revenue growth; however, margins will contract on account of commodity inflation. Other income to likely provide boost to PAT growth.
Hero Honda	25%	11.5	-580 bps	-25bps	-21.5%	Margins would likely remain flat. The recent price hike in March will help improve margins from 1QFY12.
Mahindra & Mahindra	24%	14.3	-170 bps	-80 bps	12.1%	Robust volumes to help deliver healthy revenue growth. Margins to decline marginally on account of higher raw material costs.
Maruti	17%	8.2	-350 bps	31 bps	-6.2%	Margins to improve marginally QoQ. Robust volumes will further provide aid to margin expansion. Currency fluctuation continues to remain key risk.
Tata Motors	22%	14.9	501 bps	-35 bps	27.5%	Margins of Tata Motors have now peaked and should start softening from 4QFY11. Inflation and currency fluctuation to become headwinds for margin expansion.

Banking & Finance – Neutral

- **Earnings growth would be moderate, ex-SBI:** We estimate banks in our coverage universe will report 33% YoY net profit growth for 4QFY11 vis-à-vis the 21% increase in 3QFY11. Ex-SBI, profit growth would likely be down to 20% YoY vs 24% YoY in 3QFY11. SBI is likely to report high net profit growth on account of the year-ago period's low base. Private sector banks' YoY net profit growth, we reckon, would have accelerated to 38% in 4QFY11 vs 25% in 3QFY11, driven by ICICI Bank.
- **Revenue growth for our universe would be modest:** Despite loan growth sustaining, we expect banks to report moderation in revenue growth to 22% YoY in 4QFY11 vs 26% in 3QFY11. NIM is unlikely to show an improvement from 3QFY11 levels and may show a decline in a few banks. Sluggish growth in non-interest income would likely have driven moderation in revenue growth.
- **Higher operating expenses/loan loss provisions would likely be a drag for state-owned banks:** Higher employee costs due to retirement benefits would drive reported operating cost higher. NPL and loan loss provisions are likely to show an increase. We expect govt banks to report an increase in NPL, from 2.6% in 3QFY11 to 2.7% in 4QFY11, as more restructured loans would have turned into NPLs.
- **Best large-cap result expectation:** State Bank of India. **Best mid-cap result expectation:** Bajaj Finance.

Company	Revenue growth (YoY)	PAT growth (YoY)	Comment
State Bank of India	20%	72%	We expect reported revenue growth rate to decelerate modestly as NIM stabilises at 3Q levels; upside surprise possible. Low base of 4QFY10 is the key reason for our expectation of high PAT growth.
ICICI Bank	12%	50%	Revenue growth would have accelerated sequentially, driven by improving loan growth outlook; however, operating profit growth would still remain modest. YoY decline in loan loss provisions would drive strong growth in reported net profit.
HDFC Bank	34%	30%	Strong revenue growth, we reckon, should drive another quarter of consistent 30%+ PAT growth.
Bajaj Finance	53%	133%	Robust growth in disbursals coupled with operating leverage and decline in loan loss provisions would drive strong growth in reported earnings.

Cement – Neutral

- **Cement prices rally across regions:** Cement producers raised prices sharply in 4QFY11, primarily to pass on cost increases. Price increases in the quarter averaged 8% YoY for the country as a whole. The highest price increases on YoY basis were seen in the south (+28%), and on QoQ basis in the north (13%). We expect strong QoQ growth in average prices in the June 2011 quarter as well, as most of the price hikes were back-ended.
- **Margins to decline YoY as costs increase:** YoY cement price increases continue to trail YoY cost increases, except in the south. Coal prices in international and domestic open markets are up 30–40% YoY; recently, Coal India raised prices of linkage coal by 30%. All other cost items are also on an uptrend. We expect pan-India companies to report a 100–400bps YoY decline in EBITDA margin in 4QFY11, but this decline would be sharply smaller than those seen in the previous two quarters.
- **Demand growth remains sluggish:** Cement production and despatches increased at a moderate 6% YoY for the period Jan-Feb 2011, as spending on infrastructure continued to be sluggish. Capacity increases led to a 660bps YoY decline in utilisation rates, to 80.3% for the industry. In FY12, we expect demand growth to accelerate (after decelerating in FY11), as budget allocations of key states indicate a renewed thrust on infrastructure development. However, margins are unlikely to increase in FY12 on account of widening demand supply gap.

Company	Revenue growth (YoY)	EBITDA margin expansion (bps) (YoY)	PAT growth (YoY)	Comment
ACC	13%	-430	-5%	We expect ACC to report a YoY increase of 12% in volumes and 1% in realisation. Stabilisation of new capacities and a negative base would likely have helped ACC beat the industry's volume growth, but YoY growth in realisation would likely be moderate, given higher discounts to boost volumes.
Ambuja Cements	10%	-160	-5%	Cement volumes and realisation have likely increased YoY by 8% and 1% respectively. Stabilisation of new capacities commenced in start of CY10 have boosted volumes.
India Cements	-3%	710	54%	Volumes would be down 19% YoY owing to poor demand, but realisation would be up 21% YoY on account of strong pricing discipline seen in the southern region.
UltraTech Cement	130%	250	138%	UltraTech Cement is likely to report a sharp YoY increase in profit on account of its merger with Samruddhi Cement. On a like-to-like basis, we reckon profit would be up 1% YoY on account of strong prices in the south, a key region for UltraTech Cement.

Construction - Neutral

- We expect construction companies in our universe (ex Punj Lloyd) to post a consolidated revenue growth of 17.5% helped by better execution of the large existing order book for most midcap contractors.
- Consolidated EBITDA margin for contractors would remain flat YoY at ~12.2%. However, there exists downside risks to our estimates from high input prices.
- Hardening rates and increased borrowings would continue to impair profitability especially for midcap contractors.
- Award activity from NHAI and PGCIL has seen a sequential improvement in 4QFY11. Both these segments should witness reasonable award activity over the next few quarters.
- L&T should post a revenue growth of 17% as orders won in 2HFY10 and early FY11 have witnessed execution ramp-up. Order inflows are likely to be even lower than toned-down expectations.
- Best midcap results expectation: IVRCL, KEC International

Company	Sales growth (YoY)	EBITDA margin expansion (YoY)	PAT growth (YoY)	Remarks
Larsen & Toubro	17%	-	16.6%	Revenue growth to remain stable as orders won in 2HFY10 enter execution phase.
Nagarjuna Const.	10.3%	50bps	3.5%	Rise in interest costs would have hit profitability.
IVRCL Infra	31%	-20bps	37.0	Low base in 4QFY10 combined with pick-up in execution of the large order book.
HCC	23%	150bps	-3.5	Higher interest rates, we reckon, hit profit margin.
Sadbhav Engineering	22%	-190bps	-6.0%	Revenue growth to remain strong as company expedites execution of captive road projects.
KEC International	19%	60bps	23.3%	SAE Towers acquisition, would have driven better revenue growth and higher margins.
Simplex Infra	18%	-	9.8%	Rise in interest rates hitting net profit growth.

Engineering – Neutral

- We estimate that overall revenue growth for the industrial capex-driven engineering universe would up be 20.5% YoY in 4QFY11. Growth would be driven by BHEL and Siemens.
- BHEL should report revenue growth of 22% as execution remains stable for the large order book. Margin expansion is mainly driven by the low-base effect, as 4QFY10 costs included one-off retirement benefits.
- After continued disappointments, ABB should report 15% growth driven by improvement in execution rates. However, margins might still be adversely affected by costs related to exit from RE business.
- Consolidated EBITDA margin expansion of 195bps is driven mainly by BHEL and ABB (both owing to the base effect).
- Power generation equipment order inflows remained sluggish. PGCIL award activity has picked up after a muted 9MFY11, but competition has intensified because of the entry of smaller domestic players and increased activity from foreign vendors.
- Best results expectation: BHEL

Company	Sales growth (YoY)	EBITDA margin expansion (YoY)	PAT growth (YoY)	Remarks
ABB	15%	580bps	NA	Revenue growth would have picked up on better execution. Low EBITDA margin base in 1QCY10.
BHEL	22%	250bps	39.0%	Execution would remain stable. Margin expansion would have been mainly driven by base effect, as 4QFY10 costs included one-off retirement benefits.
Crompton Greaves	13%	-40bps	11%	Lack of growth in domestic power business as order inflows have been sedate.
Siemens	34%	-120bps	24.2%	Strong order inflows would have driven revenue growth.
Thermax	17%	20bps	8.1%	Growth likely to have moderated as low-base effect catches up. Poor order inflow traction.

FMCG – Neutral

- **Volume growth could come off marginally; pricing growth will accelerate:** Most companies would likely report marginal drop in volume growth, as price hikes have been very steep at 5-25%. Price hikes have been the highest for Marico, Dabur and Emami. International business revenues for Dabur and Marico from the Middle East and North Africa would decline YoY due to supply disruptions.
- **Gross margin YoY decline would be lower than 3QFY11 for home and personal-care players:** The gross margin declines seen in 3QFY11 (due to sharp YoY raw-material inflation) would likely partially recover, as substantial price hikes were taken through the quarter, especially in hair oils, pain balms and soaps. However, detergent margins would be hit this quarter, as LAB prices ran up during the quarter, while price hikes are yet to come through.
- **Food companies' gross margins likely to hold, as cost inflation moderates:** Raw-material inflation in foods is moderating after being very strong in the past 4-6 quarters. Also, with more price hikes taken in the past three months by Nestle and GSK, gross margins YoY would likely hold.
- **Ad spends could come off YoY:** With pressure on gross margins, high price-led revenue growth and a high base of ad spends, ad spends as a % of sales could decline YoY, as companies go slow on new launches.
- **Best large-cap result expectation: ITC, Nestle**
- **Best mid-cap result expectation: GSK Consumer**

Company	Sales growth (YoY)	EBITDA margin expansion (bps – YoY)	PAT growth (YoY)	Comment
ITC	17.5%	174bps	24.4%	Cigarette volume growth would likely see marginal YoY growth, while cigarette EBIT should grow at over 20% YoY, given the 4% additional price hike taken in January. FMCG losses will come off by 15-20% YoY and paper business margins would recover QoQ, as cigarette packaging revenues would be back to normal after the temporary shutdown in December.
HUL	12.2%	-170bps	15.5%	Volume growth YoY will sustain at c10% despite a stronger base. Gross margin is likely to decline, due to inflation in palm oil and crude derivatives like LAB and packaging. Ad spends could likely decline YoY, which should contain EBITDA margin decline.

IT Services – Positive

- **A seasonally weak quarter:** Client's IT budgets for 2011 indicate increased commitment to outsourcing and 2010 was a similarly strong year for Indian IT vendors, but discretionary and new project starts are usually low in 4Q. That said, we expect Infosys to beat its conservative revenue guidance of 2%. Also, against management indications (from Infosys and TCS) of a ~125bps fall in EBITDA margins, we expect margins to remain flat for larger vendors.

- **Stronger for longer?** After strong cost-cutting and under-investment during the slowdown, demand for IT services has seen a resurgence. In addition, the transformed technology landscape and asset light models are fuelling a catch-up phase. Discretionary spending continues to accelerate, with ERP spending being done across the value chain. As a result, we expect growth rates in 2011 to be similar to that of 2010. The current estimates of ~20-25% YoY revenue growth for larger vendors for FY12 is conservative, in our view.

Best large-cap results expectation: TCS
Best mid-cap results expectation: KPIT

Company	Sales growth (QoQ, US$)	EBITDA margin expansion (bps – QoQ)	PAT growth (QoQ, INR)	Comment
Infosys	4.0%	-3	3.1%	While 4QFY11 is a seasonally weak quarter and we expect QoQ revenue growth to be the lowest of FY11, we see Infosys beating its revenue guidance of 2% QoQ. Also, while management guided for an operating margin fall of 140bps QoQ, we expect margins would likely remain flat QoQ, due to a favourable exchange rate and better revenue growth.
TCS	4.8%	0	1.6%	Given the volume growth momentum at TCS, the company would likely register a sector-leading revenue growth of ~5% QoQ in 4QFY11. Unlike Infosys, we see minimal margin levers at TCS. However, given the strong revenue growth, we expect TCS to maintain EBITDA margins QoQ.
Wipro	4.5%	-20	6.6%	While Wipro's revenue growth has underperformed peers Infosys and TCS in 9MFY11, we see the underperformance decreasing now. Its guidance has been the most realistic historically and we expect its revenue growth to be within the guided range of 4% to 5% QoQ in 4QFY11. Severance payment for the earlier CEOs is a margin headwind during 4QFY11.
HCL Tech	3.9%	11	5.7%	Due to its ~3% exposure to Japan, HCL Tech's revenue growth will be marginally impacted. Also, BPO revenue growth will be adversely affected, as it sells certain onsite BPO operations to Tango. Also, the management indicated in our recent interaction that they are on track for a ~200bps EBIT margin expansion in 4QFY11.

Metals – Positive

Steel: Increase in realisations to boost profits; cost impact to be felt later

- **Sequential improvement in volumes :** Domestic volumes of steel majors are likely to remain flat QoQ or witness a marginal dip. Full-year volumes are likely to end below earlier guidances.
- **Realisations to improve by ~10%:** 4QFY11 saw large price increases – Rs1,500/tonne in January and Rs4,000/tonne in February, before some discounts taken in the last two weeks of March. Blended QoQ increase in realisations is likely to be Rs3,000/tonne, buoying profits for the quarter.
- **Raw-material price hikes to reflect only partly; EBITDA/tonne to see a sharp increase :** The sharp increase in coking coal prices in end-CY10 and early-CY11 is set to reflect fully in earnings only in 1QFY12, and 4QFY11 will only see a partial impact of the same. Consequently, EBITDA/tonne is likely to see a sharp sequential increase in 4QFY11 which, however, is likely to be followed by a sharp QoQ decline again in 1QFY12.

Non-ferrous: Buoyant LME to boost results

- **Steady upward trend in prices :** Average base metal prices for 4QFY11 increased by ~3-10% from the levels of 3QFY11 and would likely boost the results of non-ferrous majors.

Best large-cap result expectation: Tata Steel, JSW Steel

Company	Sales growth (QoQ/YoY)	EBITDA margin expansion (bps – QoQ/YoY)	PAT growth (QoQ/YoY)	Comment
Tata Steel	5%/13%	180/360	83%/63%	Volumes are set to remain fairly flat QoQ. EBITDA/tonne is set to increase by ~$30-50 at the European and Indian operations on the back of price increases taken throughout the quarter.
JSW Steel	13%/26%	560/280	93%/3%	Volumes are likely to see a marginal dip QoQ, but this will be more than offset by a Rs3,000/tonne increase in realisations. EBITDA/tonne would likely increase by US$60/tonne QoQ.
Hindalco	10%/22%	140/180	29%/11%	10% increase in LME to boost top-line and margins.
Hindustan Zinc	8%/12%	160/150	10%/14%	Increase in zinc prices, silver realisations and increased volumes from the recently commissioned zinc smelter would boost earnings.

Media – Negative

- **Ad-revenue momentum to see a seasonal tiring:** Post the festive season, ad-revenues are likely to see a seasonal fatigue and likely to range around 10% for broadcasting and 20% for print companies media companies.
- **DTH subscriber addition touching new highs:** The DTH industry is again expected to add more than 3m subscribers for the quarter, at par with 3QFY11. Dish TV is expected to maintain its leadership position in incremental additions.
- **Also boosting subscription revenues for broadcasters:** DTH revenues for both Zee and Sun has seen a significant uptick over the past few quarters. The strong subscriber addition momentum is likely to push this revenue trajectory upwards.
- **Newsprint prices peaked, but still a QoQ increase:** Newsprint prices had been edging up and although have likely peaked now, average prices for 4Q would likely be marginally higher than 3QFY11. EBITDA margins of print media companies would still likely see a sharp decline from 3Q levels owing to the QoQ drop in revenues.
- **Best large-cap result expectation:** Dish TV, HT Media, Sun TV

Company	Sales growth (YoY)	EBITDA margin expansion (bps – YoY)	PAT growth (YoY)	Comment
Zee Entertainment	13%	-770	-16%	Ad-revenue growth would likely be greater than 10%, while the strength in DTH subscriber addition would likely boost top-line growth. However, persistent losses in the sports business will continue to weigh on margins.
Sun TV	16%	-600	15%	Ad-revenues are expected to remain fairly strong, while focus on the distribution side of the business is expected to drive this revenue stream. However, a sharp decline in employee costs in 4QFY10 distorts the YoY comparison in EBITDA margins.
HT Media	22%	-536	13%	Ad-revenue growth is likely to be ~20% on the back of the improving traction in Mumbai and UP. Newsprint costs remain fairly flat, while an increase in print orders will push costs higher and weigh on EBITDA margins.
DB Corp	22%	-400	8%	Ad-revenue growth is conservatively expected to be ~20%; however, increase in circulation numbers will weigh on margins.
Dish TV	33%	500bps	NA	Subscriber addition is expected to be at the record levels of ~1.1 seen in 3QFY11, while blended ARPUs are expected to see another sequential uptick in the quarter.

Oil & Gas – Positive

- **Refining margins improved QoQ:** Singapore gas oil spreads have moved up by US$5/bbl QoQ on strong demand from China and regional refineries entering maintenance season. US gasoline spread declined US$3/bbl QoQ, nullifying a part of the benefits. Light-heavy differentials expanded by US$1/bbl during the quarter. We expect RIL to report US$10.5/bbl GRM for 4QFY11 (up US$1.5/bbl QoQ).
- **Polyester margins flat QoQ:** While PSF margins improved during the quarter, POY margins fell marginally during the quarter.
- **KG-D6 crude and gas production declined QoQ:** Industry sources have quoted reports filed by RIL with the regulator that states that gas and crude production from the block declined QoQ (higher crude realisation should partially compensate for the fall in production).
- **Uncertainty with respect to subsidy sharing continues:** Retail prices of petrol and diesel were left unchanged during the quarter. The latest estimate of total under-recoveries for the industry in FY11 is Rs780bn. With upstream likely to bear a third of the under-recoveries, government's decision on what part of under-recoveries it would bear will determine OMC profits for the year.
- **Best large-cap result expectation**: RIL
- **Best mid-cap result expectation**: Cairn India

Company	Sales growth (YoY)	EBITDA margin expansion (bps – YoY)	PAT growth (YoY)	Comment
Cairn	443%	4590	902%	Cairn India's share of sales from Mangala in 4QFY11ii is 87kbpd, up from 12.2kbpd in 4QFY10.
ONGC	27%	500	30%	EBITDA margin higher owing to increase in APM gas price. Lower other income due to change in method of accounting for interest on loans to subsidiaries would likely result in flattish PAT margin.
RIL	42%	-342	18.5%	Falling production of crude and gas from KG-D6 expected to result in fall in reported margin. Refining and petchem will continue to deliver.

Pharma – Mixed

- **US business to remain muted, except for Dr Reddy's, Cadila:** US business for most players would remain muted (Sun Pharma down 41% YoY, Lupin down 6.5% YoY, Ranbaxy down 45% YoY, Glenmark down 1% YoY), due to discontinued limited competition products (Sun – pantoprazole, Ranbaxy – valaciclovir), delay in product approvals (Sun – docetaxel) and lacklustre base business growth. Cadila will continue to witness strong growth (33% YoY), while Dr Reddy's (45% YoY) will benefit from Allegra D24 and the low base of 4QFY10.
- **Base business margins could continue to see pressure:** We expect cost pressures seen in 3QFY11 to continue into 4Q; except for Dr Reddy's and Biocon, EBITDA growth will likely lag overall revenue growth. For Sun Pharma and Opto Circuits, this will be because of acquisition of lower margin businesses.
- **Domestic market growth key for Cipla, Ranbaxy:** We do not expect any significant change in the growth rates of companies in the domestic market. Sun Pharma, Dr Reddy's, Lupin, Cadila and Glenmark should deliver high-teen to early-twenties growth. Pick-up from single-digit growth rates would be a welcome surprise for Ranbaxy and Cipla.
- **Watch out for other markets:** Maintaining 20%+ growth in Russia and containing the decline in Germany would be critical for Dr Reddy's in the wake of increasing cost pressures; high-teen growth in Japan will be critical for Lupin.
- **Best large-cap result expectation:** Cadila, Dr Reddy's
- **Best mid-cap result expectation:** Opto Circuits

Company	Revenue growth (YoY)	Core EBITDA margin (bps) (YoY)	PAT growth (YoY)	Comment
Sun Pharma	29.4%	(580)	-6.5%	Strong revenue growth aided by Taro consolidation; like-to-like revenue growth and EBITDA margin impacted by loss of low-competition pantoprazole upside and large other operating income base.
Lupin	10.4%	(300)	-26%	We expect 4Q to be a low-margin quarter (adjusting for stable full-year margin). US branded business should continue to be a major drag. We expect strong domestic market performance.
Dr Reddys	18.2%	477	60%	Pick-up in US business, better product mix and improved operating leverage provides growth and margin expansion.
Opto Circuits	53.8%	(563)	35.8%	Top-line growth aided and EBITDA margin impacted by Cardiac Science acquisition; we expect continued strong performance in continuing businesses.

Real Estate – Negative

- **Developers to miss FY11 volume guidance:** 4Q residential volumes would likely be flat or marginally higher QoQ on acceleration in new launches and strong demand for plotted developments. However, major developers like DLF and Unitech would likely fall short of their annual volume guidance for FY11, as the anticipated surge in volumes failed to come through.
- **Execution slowdown to adversely affect earnings:** With banks taking longer to approve new loans, execution on ongoing projects has been adversely affected. This is likely to hurt revenue recognition from ongoing projects. We expect earnings growth for FY11 and 1HFY12 to likely remain muted.
- **Commercial demand remains robust:** Leasing activity continues to remain strong across major IT hubs such as Bangalore, NCR and Chennai. Rentals have started moving up marginally.
- **Best result expectation:** Godrej Properties

Company	Sales growth (% QoQ)	EBITDA margin expansion (bps–QoQ)	Adj PAT growth (% QoQ)	Comment
DLF	6.2%	-40bps	4.4%	With 6.5m sq ft sold in 9MFY11 and c4m sq ft launched in 4QFY11, DLF would likely miss its FY11 sales guidance of 12m sq ft. 4QFY11 revenues would likely be boosted by recognition of plotted sales near Chandigarh.
Unitech	17.3%	169bps	57.8%*	Top-line growth driven by normal execution during the quarter (execution was impacted for a month in 3QFY11 owing to the Commonwealth Games). Slower-than-anticipated improvement in execution would likely result in weaker earnings in 4QFY11. We expect Unitech to report decline in YoY PAT in FY11ii.
Godrej Properties	401.6%	2300bps	253.9%	Major projects in Ahmedabad and Gurgaon are expected to reach revenue recognition threshold resulting in boost in revenues and profits during the quarter.
HDIL	-6.1%	-49bps	-11.6%	We expect TDR revenues to decline QoQ, as new launches in Mumbai are getting delayed/postponed.

*Unitech had Rs0.4bn extra-ordinary loss in 3Q related to the sale of aircraft

Telecom – Positive

- **Wireless traffic growth likely to have continued in 4QFY11:** We expect GSM telcos to report a slightly higher traffic growth (~6% QoQ), as MNP plays into their hands, at the expense of RCOM, BSNL and Tata, as suggested by TRAI / COAI data. This will help neutralise the higher base effect, as 3Q was a longer-than-usual quarter and also had the festive season. RCOM is expected to grow traffic by 1% QoQ.
- **RPM to decline by ~1% QoQ:** 1) Rate per minute (RPM) decline will be 1% or less QoQ, as MNP-related tariff cuts have been rear-ended this quarter (going by industry feedback), and the next quarter should see a slightly sharper sequential decline.
- **EBITDA margin should improve for Bharti, Idea**: Bharti would likely have flat EBITDA margins on an adjusted basis, as mild scale improvements are neutralised by 3G upfront opex. Further, in 3QFY11, the Rs3.4bn that Bharti spent on re-branding will not recur, boosting reported EBITDA margins by ~220bps. In Idea's case, the delay in launching 3G will mean that in 4Q, the expected knock on EBIT will not happen (3G was launched in the last week of 4Q).
- **Bharti's Africa margin improvement should accelerate in 4QFY11:** We expect acceleration in margin improvement and stability in revenue growth. Africa grew by 8% and EBITDA margin improved by 109bps in 3QFY11, both sequentially. US$/INR has been stable, but structural rise in interest rates in the US is a risk to Bharti (which has so far avoided the floating to fixed swap cost).

Company	Sales growth (YoY/QoQ)	EBITDA margin expansion (bps, YoY/QoQ)	PAT growth (YoY/QoQ)	Comment
Bharti	+60.6% / +2.5%	-395 / +244	-31.1% / +8.7%	~6% wireless traffic growth expected in India, thanks to MNP. Adjusted EBITDA should be stable.
RCOM	2.3% / 2.5%	310 / 5	-73.5% / -35.2%	RCOM revenue growth will be muted thanks to MNP impact, as the company has lost more subscribers than it has gained.
Idea	+22.6% / 3.8%	-227 / 134	+10.9% / +22.2%	Improving metrics at Indus, operating leverage in core operations and delay in 3G launch will prop up profitability.
Onmobile	+31.5% / +8.8%	+585 / +106	+74.4% / -7.6%	Onmobile will demonstrate some operating leverage in Telefonica operations, but we expect a higher tax rate, and for the present, EBIT growth will not translate to a sequential PAT gain.

Utilities – Neutral

- **Highest capacity addition in a year seen in FY11:** India added more than 10GW of generation capacity in the first 11 months (Apr 2010–Feb 2011) of FY11, taking the country's total installed capacity to 172GW. This has been the highest capacity addition in a year. The private sector's share of this addition was 50%, up from less than 20% in the previous few years. NTPC added 1.5GW in this period. In the first two months of 4QFY11, 730MW of capacity was commissioned, and 135MW of this was added by KSK Energy.
- **Multiple factors affect plant utilisation:** On an all-India basis, generation rose 8% YoY to 137BUs in Jan-Feb 2011, thanks to: 1) higher generation from hydro (up 18% YoY) and nuclear (up 67% YoY) projects; and 2) an increase in coal-based capacity. While generation was up YoY, PLFs of coal-based plants were down, because of: 1) erratic power offtake from SEBs; 2) transmission bottlenecks; and 3) fuel shortages. YoY, PLF for coal-based and gas-based plants declined by 100bps and 550bps, respectively. We expect coal-based plants' PLFs to remain weak in FY12.
- **Seasonal uptick seen in merchant power prices:** Power prices on exchanges rose by 50% QoQ to Rs3.5/unit, but declined 15% YoY. In 4QFY11, short-term power prices rose as offtake from SEBs increased on account of: 1) onset of the summer; 2) exam season in schools and colleges, which dictated a fall in load-shedding; 3) state elections (in West Bengal, Tamil Nadu, Kerala and Assam); and 4) a busy cricket season.
- **Best large-cap result expectation:** NTPC. **Best mid-cap results expectation:** PTC.

Company	Sales growth (YoY)	EBITDA margin expansion (bps – YoY)	Adj. PAT growth (YoY)	Comment
NTPC	14%	170	24%	Grossing up of RoE at full corporate tax rate as against the MAT rate in the first three quarters will result in a sharp YoY increase in reported profit.
Tata Power	3%	(770)	-16%	Higher raw-material cost and lower utilisation would have adversely affected profitability.
Jindal Steel & Power	-5%	510	16%	Higher steel realisation to lead overall profitability, but this would be partly offset by lower merchant prices.
CESC	34%	122	12%	Higher generation due to stabilisation of newly commissioned unit to lead to YoY increase in reported sales and profitability.
PTC India	50%	21	222%	Higher trading volumes and improvement in margins to drive profit growth.

IIFL Universe: Quarterly result snapshot

Company	Revenues (Rs m)	YoY (%)	Ebitda margin (%)	YoY (%)	Adj PAT (Rs m)	YoY (%)
IIFL Universe*	5,892,835	23.8	18.2	22.6	683,062	15.1
IIFL Universe ex OMCs*	4,987,876	22.5	17.6	22.2	665,806	15.0
Agri-business	29,244	18.2	20.1	17.7	3,087	13.9
Jain Irrigation	11,811	23.2	20.8	23.8	1,133	19.7
United Phosphorus	17,433	15.0	19.6	13.7	1,954	10.8
Auto	682,304	21.4	13.6	31.4	57,053	19.6
Amara Raja	4,326	(0.2)	12.0	(18.4)	288	(21.4)
Apollo Tyres	16,530	25.9	7.2	(35.6)	260	(77.7)
Ashok Leyland Ltd	32,229	9.7	11.3	(0.1)	2,154	3.0
Bajaj Auto	44,335	30.4	19.8	12.7	6,851	28.9
Balkrishna Industries	5,402	30.3	17.2	17.1	438	(5.8)
Exide	11,569	12.3	17.6	(6.3)	1,403	4.3
Hero Honda	51,520	25.0	11.5	(16.8)	4,703	(21.5)
Mahindra & Mahindra	65,630	23.7	14.3	10.8	6,394	12.1
Maruti Suzuki	97,113	17.3	8.2	(17.9)	6,157	(6.2)
Tata Motors	353,651	22.0	14.9	83.7	28,404	51.8
Capital Goods	695,453	17.1	15.1	39.9	63,989	52.8
ABB India	16,742	15.0	6.0	NM	722	NM
Alstom Projects	5,952	(2.8)	12.9	14.8	476	(0.0)
B L Kashyap & Sons	4,513	55.0	7.8	56.4	171	20.6
BHEL	166,065	22.5	20.9	39.4	26,547	39.0
CCCL	6,513	2.4	9.2	(16.8)	300	(23.1)
Crompton Greaves	28,281	12.8	15.7	10.1	2,990	10.2
Gammon India	20,596	23.5	9.0	67.9	678	23.7
Hindustan Construction	13,400	23.3	13.0	39.9	415	(3.5)
IRB Infrastructure	7,232	44.1	44.1	38.2	1,037	(26.8)
IVRCL Infra	24,747	31.1	10.1	28.7	1,168	37.0
Jaiprakash Associates	31,161	(6.8)	31.4	14.6	3,357	36.7
Jyoti Structures	7,579	38.9	11.1	20.4	341	35.0
Kalpataru Power	9,691	15.8	12.2	29.8	760	32.3
KEC International	16,196	19.4	10.3	26.7	775	23.4
Larsen & Toubro	156,524	17.0	13.8	17.1	15,592	16.6
Nagarjuna Construction	16,801	10.3	10.5	15.0	639	3.5

Company	Revenues (Rs m)	YoY (%)	Ebitda margin (%)	YoY (%)	Adj PAT (Rs m)	YoY (%)
Patel Engineering	9,859	(17.6)	12.6	(17.9)	263	(63.4)
Punj Lloyd	23,613	38.9	8.0	LP	765	LP
Sadbhav Engineering	5,595	22.4	10.0	3.2	277	(6.0)
Siemens Ltd	29,829	34.0	11.7	22.0	2,250	24.2
Simplex Infrastructures	14,709	17.6	10.2	17.7	504	9.8
Suzlon	65,939	8.4	9.9	43.6	2,907	LP
Thermax Ltd	13,914	8.4	11.7	8.5	1,054	6.7
Cement	146,648	11.8	24.6	11.5	18,998	8.1
ACC	23,813	13.3	25.3	(3.0)	3,838	(5.3)
Ambuja Cements	21,813	9.6	29.7	3.9	4,206	(5.3)
Grasim Industries	13,122	(61.1)	37.4	(45.6)	3,416	(43.3)
India Cements	9,335	(3.2)	20.2	49.5	591	54.3
Kesoram Industries	17,398	38.4	9.8	51.9	383	46.8
Madras Cement	6,597	14.2	26.8	43.0	609	108.0
Shree Cement	10,700	13.3	28.0	(8.1)	507	LP
UltraTech Cement	43,869	129.8	23.5	156.6	5,450	138.5
Energy	1,962,948	37.7	14.3	39.6	148,023	43.6
BPCL	481,094	28.1	3.3	41.4	9,122	29.7
Cairn India	37,655	NM	81.4	NM	24,571	NM
Gujarat Gas Co	4,417	10.0	24.5	15.2	703	14.0
HPCL	423,865	35.3	4.0	29.9	8,134	7.4
Indraprastha Gas	6,113	112.4	22.7	49.8	625	21.4
ONGC	186,922	27.0	60.3	38.5	49,065	29.9
Reliance Industries	822,882	42.9	12.4	12.1	53,949	14.5
Financials	432,941	21.2	NA	NA	129,432	27.9
Axis Bank	31,856	33.1	NA	NA	10,022	31.0
Bajaj Finance Ltd	3,041	53.4	NA	NA	588	133.3
Bank of Baroda	32,331	28.7	NA	NA	11,633	28.4
Bank of India	26,352	15.8	NA	NA	4,770	11.5
HDFC	14,345	7.1	NA	NA	9,969	7.6
HDFC Bank	43,618	34.0	NA	NA	10,892	30.2
ICICI Bank	43,844	11.7	NA	NA	15,083	50.0

IIFL Universe: Quarterly result snapshot

Company	Revenues (Rs m)	YoY (%)	Ebitda margin (%)	YoY (%)	Adj PAT (Rs m)	YoY (%)
IDFC	7,217	20.9	NA	NA	3,248	42.7
LIC Housing Finance	4,178	20.4	NA	NA	2,388	11.9
M & M Financial Services	4,547	26.9	NA	NA	1,751	21.6
Power Finance Corp	6,473	(13.2)	NA	NA	5,509	(8.0)
Punjab National Bank	43,902	27.9	NA	NA	10,049	(11.5)
Shriram City Union Fin.	1,848	15.2	NA	NA	713	57.0
Shriram Transport Fin.	8,768	31.6	NA	NA	3,503	32.5
State Bank of India	134,535	19.8	NA	NA	32,003	71.5
Union Bank of India	20,453	8.3	NA	NA	5,278	(11.1)
Yes Bank	5,635	39.4	NA	NA	2,033	45.2
FMCG	183,038	18.0	20.9	18.6	27,166	21.2
Colgate Palmolive India	5,889	14.0	21.3	0.8	1,092	(4.5)
Dabur India	9,676	14.0	20.0	19.6	1,411	10.9
Emami	3,279	17.0	18.8	9.5	539	10.5
Godrej Consumer	9,165	80.0	18.5	57.3	1,204	31.2
GSK Consumer	7,522	16.0	22.7	28.2	1,289	34.1
Hindustan Unilever	48,439	12.2	10.6	(3.3)	4,886	15.7
ITC	59,382	17.5	32.2	24.2	12,792	24.4
Marico	7,528	25.0	12.5	9.3	622	5.6
Nestle India	17,757	20.0	21.0	22.7	2,489	26.3
United Spirits	14,400	15.0	14.7	16.5	841	48.0
IT Services	328,362	24.9	26.0	21.9	64,802	19.8
HCL Technologies	40,551	31.8	16.4	9.8	3,919	21.9
Infoedge	881	35.0	33.0	34.7	228	72.0
Infosys Technologies	75,028	26.2	33.3	23.8	18,511	14.6
Infotech Enterprises	3,262	33.6	15.2	(5.5)	372	(23.9)
Mindtree Limited	3,811	10.7	12.0	(29.3)	259	(53.5)
Patni Computer Systems	8,479	9.5	19.5	3.8	1,411	(5.8)
TCS	102,270	32.2	30.3	33.9	24,044	24.5
Tech Mahindra	11,687	3.1	17.5	(10.6)	1,740	(23.3)

Company	Revenues (Rs m)	YoY (%)	Ebitda margin (%)	YoY (%)	Adj PAT (Rs m)	YoY (%)
Wipro	82,393	18.1	21.4	15.6	14,320	36.7
Media	26,526	19.3	30.5	4.5	3,714	5.3
DB Corp Limited	3,137	22.0	23.0	3.6	397	8.1
Dish TV	4,033	33.0	17.4	101.6	(524)	(12.4)
HT Media Limited	4,699	22.0	18.8	(5.1)	470	(2.1)
Jagran Prakashan	2,775	17.4	26.9	17.8	418	15.0
Sun TV Networks	4,538	15.8	78.0	6.9	1,896	14.9
Zee Entertainment	7,345	13.1	20.6	(17.8)	1,057	NA
Metals	544,619	10.0	20.4	(0.8)	59,735	(13.0)
Hindalco Industries Ltd	65,995	22.1	12.9	2.2	5,930	7.7
Hindustan Zinc	28,505	12.0	59.3	9.1	14,154	14.2
JSW Steel	65,772	26.4	22.8	12.9	7,364	18.6
NALCO	15,905	(2.2)	28.6	(15.9)	2,956	(24.5)
Sterlite Industries	57,331	(20.7)	41.2	8.0	12,510	(9.4)
Tata Steel	311,112	13.1	13.6	(10.7)	16,821	(37.3)
Pharma	121,431	7.4	21.3	(16.9)	16,887	(33.7)
Biocon Ltd	6,725	2.4	22.3	11.4	859	6.4
Cadila Healthcare	10,151	19.9	19.7	5.8	1,117	(6.0)
Cipla Limited	15,023	9.3	17.5	(5.3)	1,626	(41.0)
Dr Reddys Laboratories	19,421	18.2	21.2	58.5	2,535	52.1
Glaxo Smithkline Pharma	6,114	13.0	37.9	15.9	1,752	8.6
Glenmark Pharmaceutical	7,901	11.4	23.0	1.3	970	(5.5)
Lupin Limited	14,664	10.4	19.0	(4.7)	1,634	(26.0)
Opto Circuits Ltd	5,144	53.8	26.0	26.4	898	35.8
Ranbaxy Laboratories	21,942	(20.7)	14.8	(69.0)	1,809	(81.2)
Sun Pharmaceutical	14,347	29.4	28.5	(2.4)	3,687	(6.5)
Real Estate	45,637	6.9	41.6	16.7	9,797	(0.1)

IIFL Universe: Quarterly result snapshot

IIFL Institutional Equities

Company	Revenues (Rs m)	YoY (%)	Ebitda margin (%)	YoY (%)	Adj PAT (Rs m)	YoY (%)
Bombay Dyeing	4,863	(9.8)	12.7	(43.5)	17	(96.4)
DLF	26,341	32.1	47.1	24.1	5,210	1.4
Godrej Properties	2,417	41.4	36.6	NM	549	(4.5)
HDIL	4,275	(1.5)	58.0	9.2	2,267	23.6
Unitech	7,741	(31.6)	33.3	(5.3)	1,753	(2.3)
Retail	28,601	39.0	9.0	19.0	666	19.2
Pantaloon Retail	28,601	39.0	9.0	19.0	666	19.2
Telecom	254,017	38.1	32.1	32.5	20,439	(41.7)
Bharti Airtel	161,478	60.6	34.1	43.9	14,166	(31.1)
Idea Cellular	41,051	22.6	25.3	12.5	2,969	10.9
Onmobile Global	1,616	31.5	23.7	74.7	193	74.4
Reliance Communications	49,872	2.3	31.5	13.5	3,112	(73.4)
Utilities	253,483	10.3	30.1	2.2	51,015	(0.6)
CESC Ltd	10,111	34.1	28.1	40.2	1,117	11.7
Gujarat Industries Power	4,878	93.5	31.7	157.7	327	(7.9)
Jindal Steel & Power	30,106	(5.2)	55.4	14.3	11,219	23.5
NHPC	8,839	(36.9)	41.9	(63.6)	1,956	(79.7)
NTPC	141,292	14.4	23.3	23.5	28,276	24.3
PGCIL	20,851	5.6	71.5	(4.7)	6,058	(5.9)
PTC India	18,634	49.9	0.9	93.1	436	222.4
Tata Power	18,771	2.5	18.8	(27.3)	1,627	(16.1)
Midcaps	155,539	11.4	13.9	30.0	9,506	12.9
Aditya Birla Nuvo	46,262	(1.2)	12.7	26.5	841	(53.3)
Bajaj Electricals	9,678	23.4	10.6	11.2	618	22.1
Cox & Kings	1,712	25.0	52.0	23.5	505	13.6
Educomp Solutions Ltd	4,861	45.9	62.6	91.0	1,580	159.7
Havells India	8,576	21.1	14.1	39.1	894	38.8
Phillips Carbon Black	4,304	18.7	14.3	11.7	291	(19.7)
Pidilite Industries	5,889	14.4	16.3	35.4	702	50.7
Rallis India Ltd.	2,373	15.0	20.0	25.0	289	20.8
Redington India	42,444	10.2	3.6	35.1	872	41.8

Company	Revenues (Rs m)	YoY (%)	Ebitda margin (%)	YoY (%)	Adj PAT (Rs m)	YoY (%)
Sintex Industries Ltd	12,647	15.7	17.5	14.4	1,305	(6.0)
Tulip Telecom	6,525	23.0	23.9	1.1	644	(19.0)
Vardhman Textiles	10,268	35.0	22.4	36.1	966	76.1

* Ex financials for EBITDA margin and YoY EBITDA growth purposes

Note: Aggregates in this table are based on entire coverage, while aggregates in the analysis before is based on companies with quarterly earnings history dating back to 1QFY09 or earlier.

Institutional Equities

Key to our recommendation structure

BUY - Absolute - Stock expected to give a positive return of over 20% over a 1-year horizon.

SELL - Absolute - Stock expected to fall by more than 10% over a 1-year horizon.

In addition, **Add** and **Reduce** recommendations are based on expected returns relative to a hurdle rate. Investment horizon for **Add** and **Reduce** recommendations is up to a year. We assume the current hurdle rate at 10%, this being the average return on a debt instrument available for investment.

Add - Stock expected to give a return of 0-10% over the hurdle rate, ie a positive return of 10%+.

Reduce - Stock expected to return less than the hurdle rate, ie return of less than 10%.

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