Earnings Review (Apr-Jun 2011)

IDFC Securities Research

(Dir) +91-22-6622 2600
Email: research@idfc.com

Q1FY12 earnings highlights

Sensex earnings growth came in at 7.9% yoy ahead of our expectations of 6.4% yoy; Consumer goods (20.9% yoy) and Petrochemicals (16.7%) clocked strong bottom-line growth

Earnings growth of IDFC Universe ex Oil & gas came in at 8.6% yoy against our expectation of 6.2% yoy

Healthy top-line growth of 25.9% yoy in Sensex led by strong growth in Petrochemicals (39.1% yoy), Metals (24.1% yoy), IT services (23% yoy) and Automobiles (22.7% yoy)

Raw material price pressures resulted in 200bp yoy contraction of EBITDA margins of sensex companies; margins of cyclicals and non-cyclicals contracted by ~200bp yoy and ~160bp yoy respectively

Top-line of IDFC Universe grew by 28.9% yoy ahead of our estimate of 23.1% yoy

EBITDA margins of IDFC Universe contracted by ~160bp yoy

We have downgraded our FY12 Sensex EPS by 1.6%; Our FY12 Sensex EPS stands at Rs1158

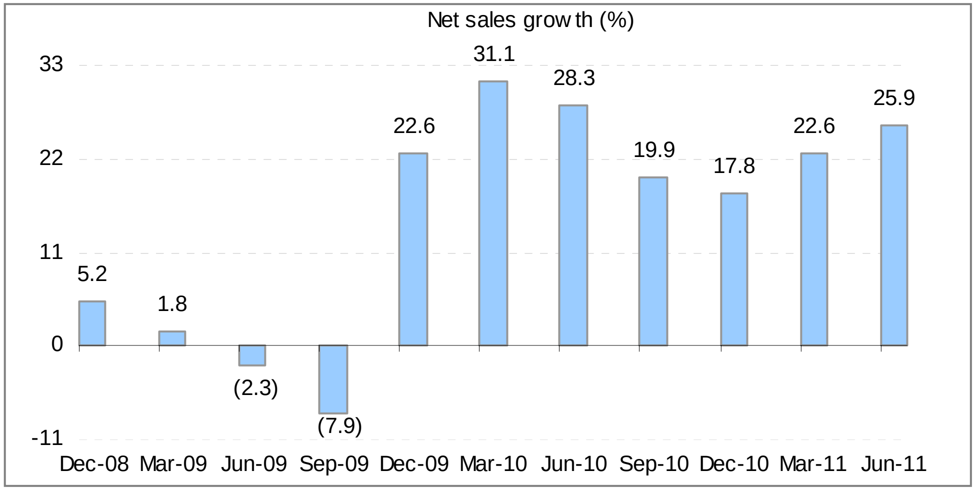
Sensex earnings growth moderates to ~7.9% yoy

- Earnings growth of non-commodities came in below expectations at 6.8% yoy due to lower than expected earnings in Bharti Airtel, SBI and Tata Motors
- Commodities posted strong bottom-line growth of 10.1% yoy on account of strong performance in Tata steel , RIL and ONGC
- Consumer goods (20.9% yoy) and Petrochemicals (16.7%) clocked strong bottom-line growth

(Rs m)	Net Sales			EBITDA			Profit After Tax		
Sector	Q1FY12	Q1FY11	% chg yoy	Q1FY12	Q1FY11	% chg yoy	Q1FY12	Q1FY11	% chg yoy
Automobiles	383,825	312,761	22.7	49,547	44,052	12.5	27,889	26,091	6.9
Construction	102,626	87,939	16.7	14,193	12,577	12.9	7,305	6,577	11.1
Consumer goods	68,541	57,899	18.4	17,227	14,451	19.2	12,171	10,064	20.9
IT services	117,246	95,311	23.0	31,717	27,886	13.7	25,115	21,534	16.6
Metals	437,785	352,804	24.1	68,719	55,587	23.6	29,560	28,563	3.5
Oil & Gas	32,822	27,646	18.7	18,940	16,395	15.5	8,190	7,331	11.7
Petrochemicals	445,599	320,254	39.1	54,593	51,381	6.3	31,136	26,681	16.7
Pharmaceuticals	10,077	9,278	8.6	2,135	2,029	5.2	1,647	1,673	(1.6)
Power Equipment	24,940	22,679	10.0	3,386	2,960	14.4	2,854	2,344	21.8
Power Utilities	60,258	50,172	20.1	10,897	9,477	15.0	8,006	6,590	21.5
Real Estate	6,115	5,071	20.6	2,778	2,449	13.4	915	1,158	(21.0)
Telecoms	76,822	60,690	26.6	25,555	21,161	20.8	5,942	8,220	(27.7)
(Rs m)	NII			Pre-provisioning profit			Profit After Tax		
Financials	100,394	80,404	24.9	81,940	72,309	13.3	36,729	36,119	1.7
Commodities	916,206	700,704	30.8	142,252	123,363	15.3	68,885	62,575	10.1
Non-commodities	950,844	782,205	21.6	239,374	209,352	14.3	128,573	120,370	6.8
Sensex	1,867,050	1,482,909	25.9	381,627	332,715	14.7	197,458	182,944	7.9

** Bharti Airtel nos not comparable on yoy basis*

Sensex: Robust top-line growth but margins continue to contract

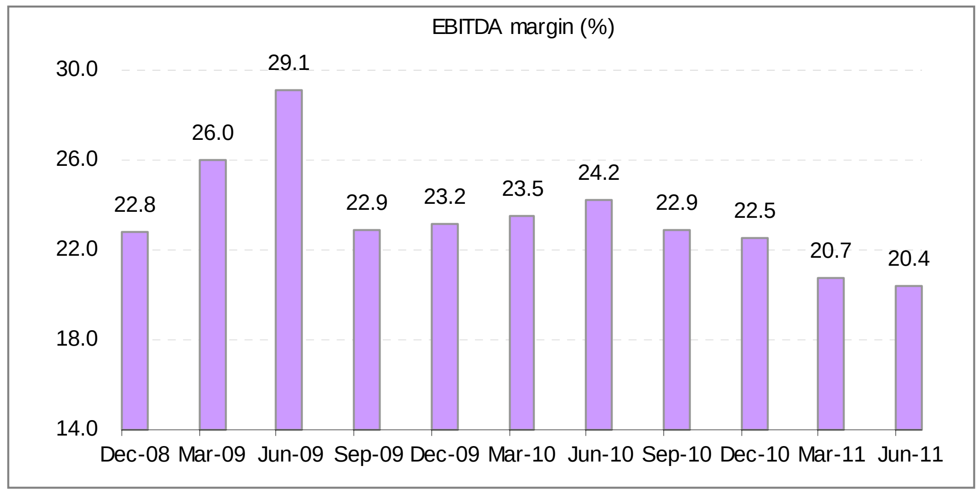


Sensex revenue growth at 25.9% yoy

- Sensex top-line growth was ahead of our expectations on the back of ONGC (17.4% yoy), SBI (14.1% yoy) and Tata steel (12.6% yoy)
- Top-line growth was strong in commodities at 30.8% yoy led by Petrochemicals (39.1% yoy) and Metals (24.1% yoy)
- Growth in non-commodities was in-line with expectations at 21.6% yoy with IT services (23% yoy) , Automobiles (22.7% yoy) and consumer goods (18.4% yoy) clocking strong growth

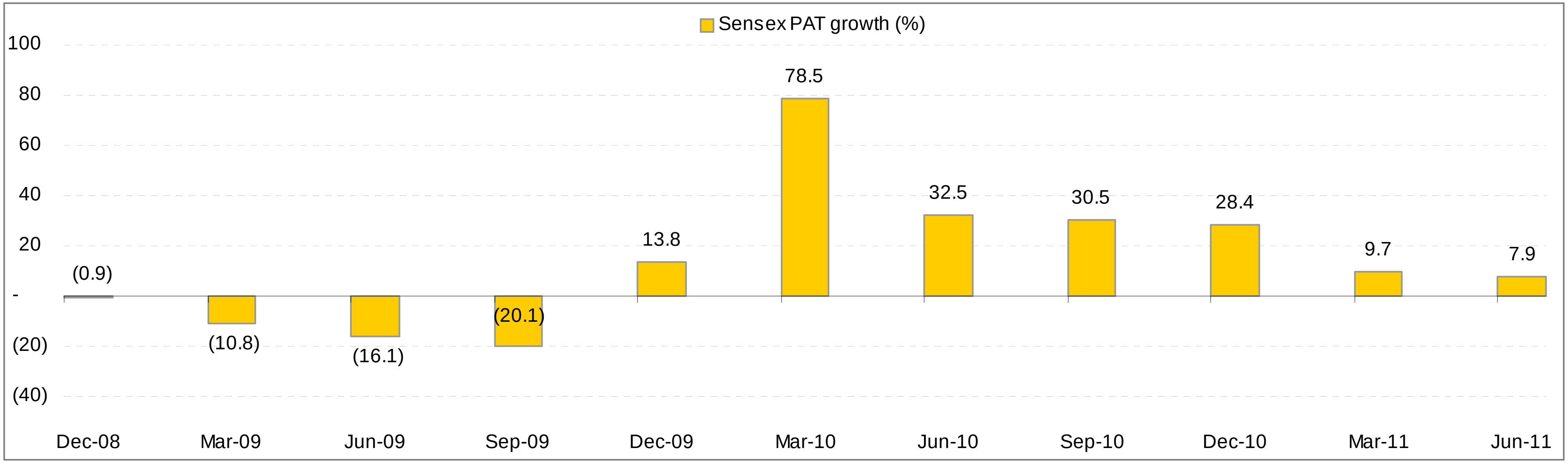
Contraction in EBITDA margins continues

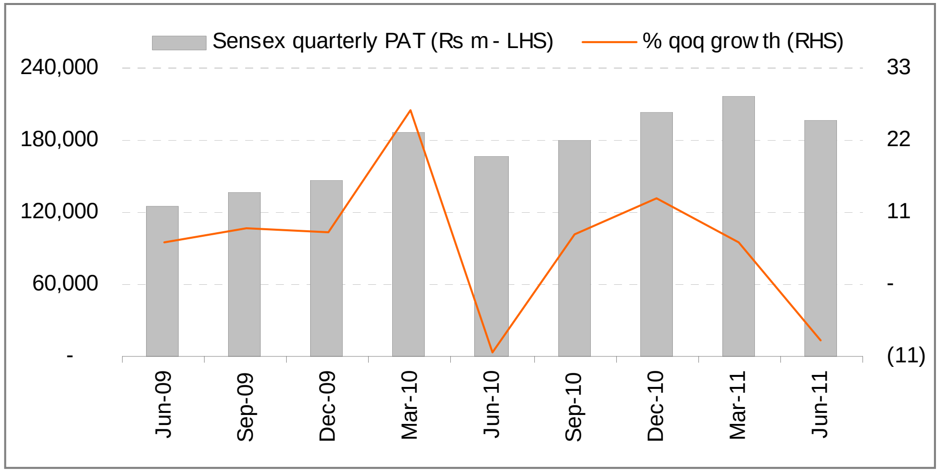
- Sensex EBITDA margins contracted by ~200bp yoy as against our expectation of ~160bp yoy
- Margins contracted sharply across sectors – Real estate (down ~290bp yoy), IT services (down 220bp yoy) and Automobiles (down 120bp yoy)
- Consumer goods (up 17bp yoy) saw marginal improvement in margins during the quarter



Sensex earnings growth lowest in seven quarters

Rolling quarter Sensex earnings growths

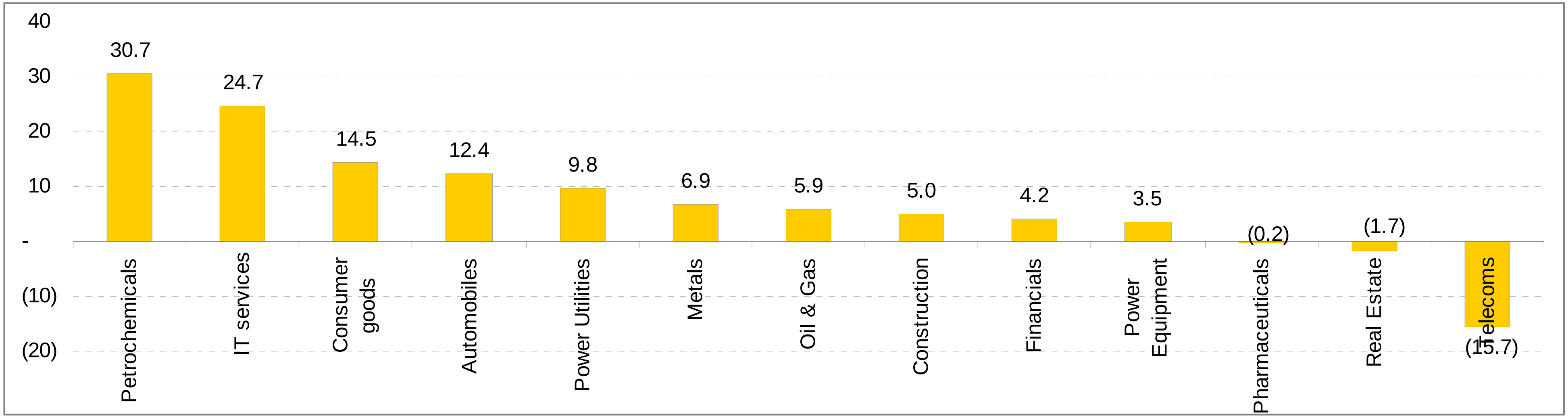




- Sensex earnings growth moderated to 7.9% yoy (our estimate of 6.4% yoy) as against 9.7% yoy in the previous quarter
- While top-line growth continued to be robust, EBITDA margin declined by ~200bp yoy and PAT margin declined by ~175bp yoy

Petrochemicals & Consumer goods drives sensex earnings

Q1FY12 Sector-wise contribution to Sensex earnings



Top 5 contributors to Sensex earnings

YoY %	Net sales	EBITDA	Profit after tax
Reliance Industries	39.1	6.3	16.7
Sterlite Industries	65.8	86.8	85.7
ICICI Bank	21.1	2.1	29.8
HDFC Bank	18.6	16.3	33.7
Infosys Technologies	20.8	10.9	15.7

Bottom 5 contributors to Sensex earnings

YoY %	Net sales	EBITDA	Profit after tax
State Bank of India	32.8	18.1	(45.7)
Tata Steel	21.3	(0.2)	(24.3)
Bharti Airtel	39.1	29.1	(26.8)
Reliance Communication	(3.3)	(1.8)	(31.6)
DLF	20.6	13.4	(21.0)

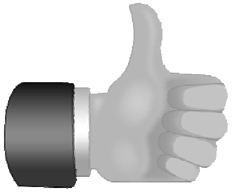
RIL, Sterlite and ICICI bank are the top contributors to Sensex earnings in Q1FY12!

IDFC universe earnings growth at 11.9% yoy

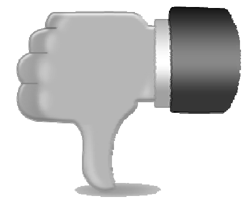
(Rs m)	Net Sales			EBITDA			Profit After Tax		
Sector	Q1FY12	Q1FY11	% chg yoy	Q1FY12	Q1FY11	% chg yoy	Q1FY12	Q1FY11	% chg yoy
Alcoholic Beverages	32,012	24,847	28.8	5,166	4,597	12.4	2,295	2,132	7.6
Auto Components	35,994	27,130	32.7	6,257	5,041	24.1	4,301	3,003	43.2
Automobiles	642,770	531,898	20.8	80,807	72,238	11.9	45,754	42,982	6.4
Cement	99,650	68,030	46.5	26,739	18,631	43.5	16,813	12,065	39.4
Construction	189,249	170,809	10.8	24,882	22,468	10.7	9,449	9,539	(0.9)
Consumer goods	169,972	140,668	20.8	35,633	30,474	16.9	25,325	21,657	16.9
Education	7,118	5,734	24.1	1,728	1,197	44.3	492	459	7.2
Engineering	66,441	58,997	12.6	7,536	6,901	9.2	6,124	4,898	25.0
Exchanges	700	736	(4.9)	209	288	(27.3)	315	452	(30.2)
Hospitals	11,243	8,612	30.6	1,676	1,359	23.3	653	251	160.5
Infra Developers	127,943	78,073	63.9	22,671	14,364	57.8	8,284	6,633	24.9
IT services	374,751	305,952	22.5	86,678	75,633	14.6	67,825	57,628	17.7
Logistics	19,862	16,835	18.0	4,236	3,434	23.4	3,339	2,459	35.8
Media	35,809	30,317	18.1	9,265	8,685	6.7	4,431	3,888	13.9
Metals	1,091,445	864,863	26.2	227,844	179,306	27.1	134,156	109,510	22.5
Oil & Gas	2,407,771	1,729,090	39.3	107,693	63,984	68.3	3,344	(13,947)	NM
Others	89,618	74,668	20.0	11,666	13,894	(16.0)	2,312	3,924	(41.1)
Petrochemicals	810,180	582,280	39.1	99,260	93,420	6.3	56,610	48,510	16.7
Pharmaceuticals	129,965	117,370	10.7	27,976	29,007	(3.6)	21,988	19,530	12.6
Pipes	37,668	41,173	(8.5)	6,733	7,673	(12.2)	3,326	4,250	(21.7)
Power Equipment	136,873	122,744	11.5	14,745	14,147	4.2	10,381	9,927	4.6
Power Utilities	269,121	238,704	12.7	54,513	49,979	9.1	31,386	29,423	6.7
Real Estate	48,029	42,078	14.1	19,950	21,137	(5.6)	9,761	13,320	(26.7)
Retail	57,028	41,904	36.1	4,832	3,564	35.6	2,093	2,172	(3.7)
Telecoms	266,062	211,175	26.0	85,325	69,628	22.5	18,878	25,687	(26.5)
Tyre	34,068	22,783	49.5	3,460	2,899	19.4	1,336	1,186	12.7
(Rs m)	NII			Pre-provisioning profit			Profit After Tax		
Financials	374,454	312,122	20.0	298,022	266,989	11.6	139,005	141,458	(1.7)
Commodities	4,409,046	3,244,263	35.9	461,537	355,341	29.9	210,923	156,139	35.1
Non-commodities	3,156,751	2,625,329	20.2	813,967	725,595	12.2	419,053	406,859	3.0
IDFC Securities	7,565,797	5,869,592	28.9	1,275,504	1,080,936	18.0	629,977	562,998	11.9

** Bharti Airtel nos not comparable on yoy basis*

IDFC Winners & Losers



- **Consumer goods:** Steady revenue growth with price increases and lower A&P limiting margin compression
- **Petrochemicals and Oil & Gas:** Strong refining margins and volume growth across CGD and upstream players led earnings growth. However, lower Government subsidy payout for the OMCs offset the growth to a significant extent



- **Financials:** Sharp contraction in NIMs and higher provisions for restructured portfolio and NPAs
- **Telecom:** 3G related depreciation and interest expenses and expiration of tax holidays dents profitability
- **Real estate:** Improved execution but margins were lower due to high input costs and recognition from low-margin past projects
- **Metals:** Weak earnings due to double whammy of rising input costs and sluggish demand

Sensex earnings revision for FY12E

Company	EPS FY12E (Rs)			Comment
	Old Estimate	New Estimate	% Change	
Tata Power	33.1	35.5	7.4	Sharp jump in other income
Tata Steel	67.2	71.5	6.3	Driven by blockbuster Q1FY12 and a marginal upgrade in domestic realizations
Tata Consultancy	52.7	54.3	2.9	Driven by the blockbuster quarter and healthy deal wins/ pipeline
Jaiprakash Associates	9.2	7.1	(22.3)	Higher interest costs and lower cement business profitability
Reliance Communication	6.5	5.6	(14.0)	Driven by the disappointing quarter and lower non-wireless business estimates
Hindalco Industries	17.0	14.8	(13.1)	Factoring in higher fuel cost, project delays and lower aluminium prices
DLF	12.5	11.3	(9.7)	Lowered assumptions for high-end residential sales, increased interest expense
Bharti Airtel	18.7	17.1	(8.6)	Driven by Q1FY12 miss and higher effective tax rate
Maruti Suzuki	95.9	87.8	(8.5)	Downgrading volume growth estimates to 5%
Jindal Steel & Power	47.2	43.3	(8.4)	Driven by weak Q1FY12, higher fuel cost for power business and project delays
Sterlite Industries	21.6	20.2	(6.4)	Assuming slower ramp up of power plants, higher coal costs for both aluminium and power business
Tata Motors	151.0	144.3	(4.5)	Factoring in lower margin in JLR & domestic operation
NTPC	12.1	11.8	(2.9)	Higher other expenses

Sensex earnings growth to be broad-based in FY12E

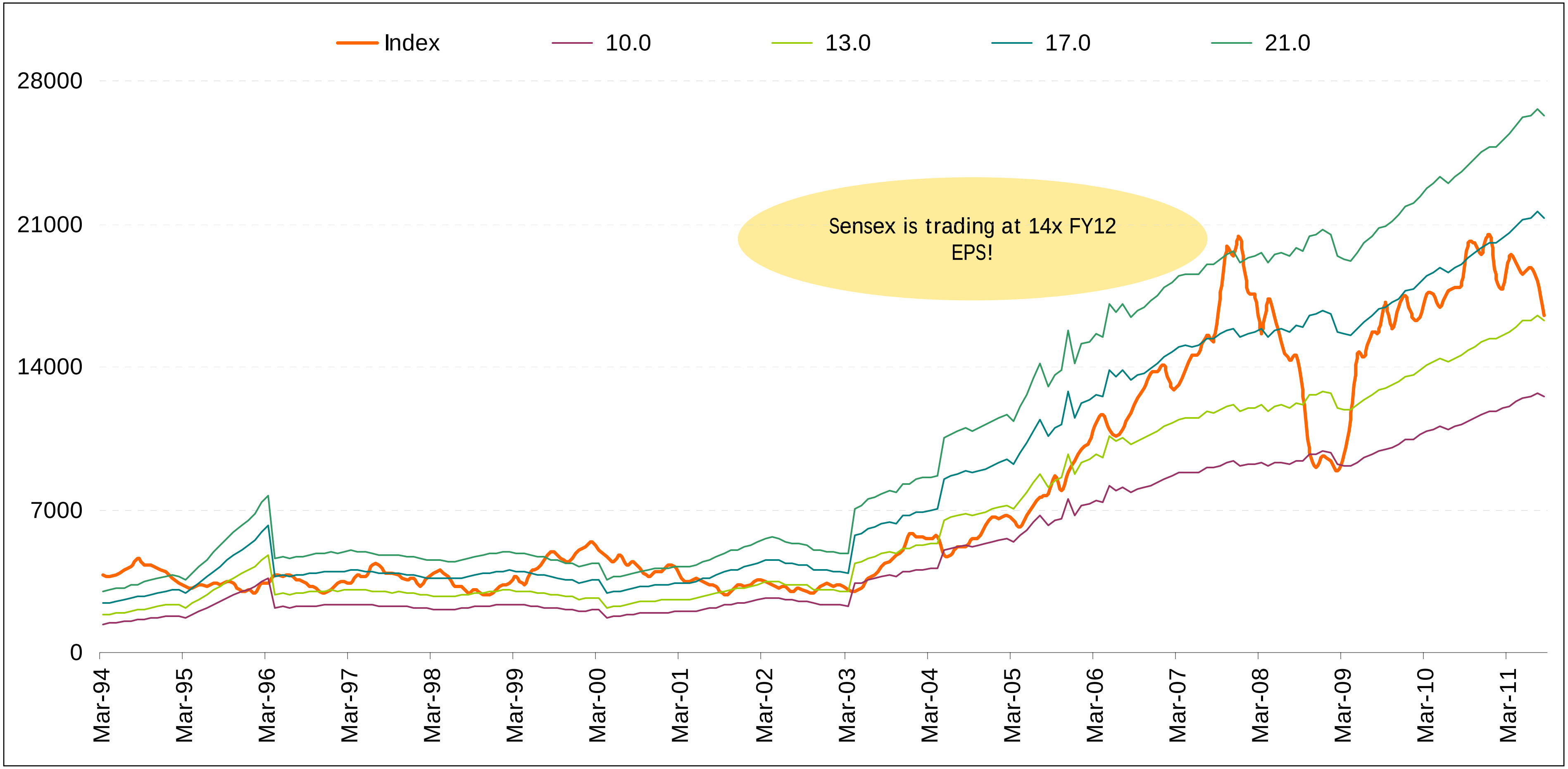
(% yoy)	Net Sales			EBITDA			Profit After Tax		
Sector #	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E
Automobiles	30.6	14.9	15.5	53.0	10.2	17.4	72.4	5.9	17.2
Construction	22.3	19.6	16.6	24.0	13.4	21.7	(20.2)	29.6	14.9
Consumer goods	14.3	15.9	14.2	11.7	22.1	19.0	15.1	19.3	19.0
Financial	25.6	20.4	18.7	16.4	19.3	19.1	16.5	31.2	26.1
IT Services	20.5	19.7	16.0	17.3	14.2	16.5	14.6	16.1	19.7
Metals	17.1	10.9	6.8	34.5	15.6	21.6	91.1	13.8	16.4
Oil & Gas	20.3	11.7	1.9	9.2	14.1	8.6	15.0	24.4	6.6
Petrochemicals	30.5	8.3	(0.9)	26.1	(5.7)	6.2	27.1	9.4	15.0
Pharmaceuticals	21.0	19.8	14.9	15.0	23.1	15.9	16.6	19.9	14.3
Power Equipment	26.5	18.5	17.5	44.6	15.0	13.9	38.8	17.0	14.1
Power Utilities	12.1	13.6	17.5	3.9	8.6	26.2	10.1	3.5	20.7
Real Estate *	28.8	5.7	6.0	19.4	10.9	6.4	9.4	(3.2)	6.5
Telecoms	42.3	21.1	16.2	21.1	21.4	22.0	(27.7)	(0.1)	55.2
Sensex Index	**24.4**	**13.7**	**10.0**	**24.3**	**12.8**	**17.0**	**25.1**	**16.9**	**19.2**

** DLF FY11 PAT excludes one time input cost adjustment of Rs4.4bn (post tax);*
 # Includes Coal India & Sun pharma (Outgoing stocks are Rel com and Rel infra)

Downgraded FY12E Sensex EPS by 1.6%; Our FY12 and FY13 EPS stands at Rs1158 and Rs1380

Valuations attractive at long term averages

Sensex PE band



Source: Bloomberg, IDFC Securities Research

Our 12 month target Sensex P/E is between 17x-18x; expect Sensex to range between 20000 and 21000

Sector-wise earnings review (Q1FY12)

Agri-inputs

United Phosphorus

- ✓ Revenues ahead of estimates led by strong growth across markets except EU
- ✓ EBITDA margins declined 120bp yoy to 18.5% as both input cost and overheads rose
- ✓ Lower interest cost (forex gains) was setoff by higher tax expense (20%)
- ✓ Resultant, PAT expanded ~30% yoy to Rs1.86bn – ahead of estimates.

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
United Phosphorus	18,621	9.3	26.8	58,045	65,997	3,449	4.9	19.3	11,106	13,208	1,860	6.0	30.1	5,722	7,977

Alcoholic Beverages

- Among the UB Group companies, United Spirits (USL) reported a strong 15.4% volume growth (albeit on a favourable base) while United Breweries (UBL) a muted 6% growth.
- For USL, reported financials include financials of Balaji Distilleries and hence are not comparable over the same period last year. On a like to like basis, revenue growth stood at 22%, implying a 7% growth on account of price increases and product mix.
- Gross margins during the quarter stood at 40.6% (against 45.7% in Q1FY11 and 43% in Q4FY11). While margins were partly impacted due to the inclusion of Balaji, spirits costs have also increased by 3% on a yoy basis. Assuming limited contribution in operational profit from Balaji, EBITDA margins on a like to like basis are estimated to have contracted by ~70bp yoy. Further, interest costs have increased sharply by 27% at Rs1.23bn on account of higher cost of debt and WC funding.
- **Whyte & Mackay (W&M):** During the quarter, W&M has reported revenues of GBP37.8m, EBITDA of GBP4.16m and break-even at the PBT level. The current value of W&M's bulk liquid inventory stands at GBP126.6m.
- **Radico Khaitan:** Overall volume growth stood at a robust 12.3%, with mainline brands growing by 14%. Gross margins expanded by 170bp. With increase in S&D costs partially negating gains from gross margin improvement, EBITDA margins expanded by 94bp.
- **UBL**, garnered a 5-6% increase in revenues on account of improving realizations and product mix. Gross margins contracted by 150bp, on a like to like basis. This is inspite of a 27% increase in malt and barley prices (~Rs4/case increase) and increase in prices of glass bottles. UBL's patented bottles strategy has aided in arresting the impact of higher industry bottle prices. Reported EBITDA margins at 14.2% were suppressed because of the impact of the merger of manufacturing units
- **Maintain Underperformer on UBL, Neutral on USL and Outperformer on Radico.**

Alcoholic Beverages

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Radico Khaitan	3,129	10.3	31.2	9,964	11,669	428	(1.1)	25.6	1,490	1,919	207	0.4	29.2	728	903
United Breweries	9,438	1.4	21.7	30,713	37,039	1,344	2.2	(1.8)	3,609	4,185	710	1.4	(6.7)	1,504	1,930
United Spirits	19,445	3.4	32.2	73,309	85,204	3,394	5.2	17.5	11,045	14,435	1,377	3.2	13.8	3,797	5,466

Automobiles

- ✓ **Auto industry reports 20% revenue growth with underlying volume growth of 17%; however feels the margins pressure - 100bp erosion yoy**
- ✓ **Commodity cost pressure felt across the sector, likely to soften from here**
- ✓ **Bajaj Auto and Tata Motors surprise negatively on the margins, Escorts disappoints on volume (decline of 21% in tractor business)**
- ✓ **Tata Motors - currency pressure at JLR**
  - Standalone – Revenues grow by 14%; 50bp fo QoQ erosion in margins on account of higher other expenditure
  - JLR – Revenues grow 20% to GBP2.7bn, margins erode 120bp yoy on adverse currency; COGS to sales ratio up 330bp yoy
- ✓ **M&M - Auto business revenue growth ahead of estimates**
  - EBITDA comes in higher on account of higher than expected other operating income and lower other expenditure
  - Auto revenue growth of 34% (higher than estimates) and tractors revenue growth of 26% (in line with estimates)
  - Tractor business margins down 104bp qoq and auto business margins improve 17bp qoq
- ✓ **Hero MotoCorp - Higher material cost dents margins**
  - Material cost increase 190bp qoq; partially made up by lower marketing and other spends
  - ✓ **Bajaj Auto - Adverse mix and higher commodity cost impacts margins**
  - Revenues marginally lower as realization drops 3.3%qoq; Gross margins contract 170bp qoq (est of 120bp erosion)
- ✓ **Maruti - higher other income, lower royalty and marketing spends come to the rescue**
  - PAT sharply ahead on account of Rs400m of one time gains. Royalty and Marketing spends lower; to increase from Q2FY12

Citing more pressure on auto industry volumes in the near term, we have recently turned Underweight on the sector

Automobiles

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Ashok Leyland	24,955	3.0	6.3	111,179	123,736	2,446	3.6	3.9	12,177	13,080	863	(11.6)	(29.6)	6,314	6,391
Bajaj Auto	47,770	(0.6)	22.8	166,069	194,723	9,110	(4.0)	17.3	33,849	37,485	7,110	(1.9)	20.5	26,169	28,969
Escorts	7,396	(12.1)	(8.8)	33,783	40,879	341	(44.8)	(56.1)	2,463	1,972	131	(63.1)	(71.7)	1,260	964
Hero MotoCorp	56,834	(1.6)	32.3	192,931	231,613	8,178	(5.7)	35.7	25,090	33,280	5,579	3.7	13.5	20,077	22,719
Mah. & Mah.	67,335	1.7	30.5	234,938	282,265	8,973	2.9	15.7	34,561	37,896	6,049	(0.3)	7.6	25,446	27,759
Maruti Suzuki	85,293	(1.3)	3.6	370,401	410,474	8,144	5.6	2.8	36,643	40,328	5,492	21.8	18.0	22,886	25,385
Tata Motors	335,727	1.2	24.1	1,231,334	1,401,941	42,361	(6.8)	9.9	168,176	181,421	19,942	(16.3)	0.7	90,427	92,013
TVS Motor	17,460	5.4	25.0	62,893	76,334	1,254	18.2	16.3	4,004	4,722	588	22.4	46.0	1,926	2,448

Escorts quarterly nos are standalone and annual nos are consolidated

Auto Ancillaries

- ✓ **Strong growth reported by ancillary companies, but caution ahead as domestic growth slows down**
- ✓ **Domestic Tyre industry - Slowing replacement demand and lifting of anti dumping duty on imports from China can impact sales of domestic tyre manufacturers**
- ✓ **Bharat Forge - Strong exports led growth**
  - Standalone revenues grow by 35% to Rs8.7bn with underlying volume growth of 24%; Exports revenue grow by 63% and domestic by 19%
  - Despite 40bp of qoq erosion in gross margins, operating leverage gains help improve margins 10bp qoq
  - While domestic industry growth is slowing down in single digit, no impact seen so far on exports.
- ✓ **Apollo Tyres - Good quarter, but caution ahead**
  - Helped by low base, volume grows by 34% to 125000MT. Realization grows by 3%qoq
  - Gross margins drop by 190bp qoq and EBITDA margins contract by 330bp qoq on higher employee cost
  - With slowing domestic replacement market, Apollo Tyres takes production cuts at Perambra plant
- ✓ **Balkrishna Industries - Lower other expenditure and higher realization help improve margins qoq**
  - 8% volume growth to 28720 MT and realization growth of 7.9%qoq
  - Gross margins lowest ever at 36.3% - 460bp erosion qoq. However other expenditure grow by mere 12%yoy
  - Orderbook of 65000MT – equivalent to 6 months of sales

Q1FY12 earnings review

Auto Ancillaries

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Bharat Forge	15,401	8.3	52.1	50,873	61,846	2,483	3.9	34.4	7,889	9,748	1,525	15.6	68.3	3,014	3,989
Bosch	20,593	3.5	21.1	67,080	80,247	3,774	2.0	18.2	10,793	12,855	2,776	11.2	32.4	8,588	10,254
Apollo Tyres	28,224	11.2	55.0	88,679	113,860	2,403	(0.8)	21.1	9,781	11,503	775	(4.3)	4.4	4,406	4,471
Balkrishna Industries	5,844	(1.0)	27.7	20,029	25,756	1,057	5.5	15.7	3,603	4,405	561	2.5	26.4	1,851	2,261

Q1FY12 earnings review

Cement

- ✓ Q1FY12 results of cement companies were ahead of estimates, led by better than expected sequential improvement in net realizations
  - Realizations improved by Rs160-280/tonne on a q-o-q basis and 6-12% on a yoy basis, led by cement price hikes across regions
  - Prices softened during the quarter in the northern and eastern regions starting end-May 2011, while they remained firm in the southern region through the quarter – reflected in relatively better realizations for Ultratech
- ✓ Volumes decline sequentially for all companies as demand remained muted during the quarter
  - Volumes also declined on a yoy basis except for ACC, where new capacities helped post higher sales
- ✓ Cost pressures, especially power and fuel and raw materials continue to impact profitability
  - Higher prices of domestic as well as imported coal led to a 26-29% yoy increase in power and fuel costs
  - Raw material costs increased on the back of higher fly ash and gypsum prices
- ✓ Grasim reported Q1FY12 earnings ahead of estimates, led by strong VSF margins
  - VSF margin expansion (+320bps yoy) was led mainly by a 29% jump in realisations, even though volumes fell 19% yoy
- ✓ Cement demand has been sluggish across regions and prices have softened across all regions except in the South
  - With key costs (coal and freight) seeing an increasing trend, we see pressure on profitability going forward
  - Maintain Underperformer on ACC, Ambuja and Ultratech
  - Reiterate Grasim as Outperformer due to attractive valuations and the cushion to earnings and cash flows from the VSF business

Cement

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
ACC	24,030	3.7	18.9	77,173	92,298	5,503	11.0	(0.5)	16,013	18,267	3,366	14.1	(6.2)	10,109	10,799
Ambuja Cements	21,733	4.9	6.1	73,902	83,674	5,826	14.1	(3.4)	18,236	20,111	3,475	8.8	(11.2)	11,999	12,442
Grasim Industries	10,234	0.0	8.3	199,269	212,656	3,529	13.6	17.2	45,268	48,585	3,141	39.1	40.4	21,309	22,411
UltraTech Cement	43,654	(0.3)	143.9	132,099	170,914	11,881	21.3	192.8	25,424	36,296	6,831	37.4	193.7	12,787	18,414

** Year ending December*

Construction

- Construction companies revenues increased 10.8%yoy in Q1FY12
  - L&T reported 21% yoy revenue growth, led by E&C revenues (up 22% yoy)
  - Revenue growth for balance companies under coverage was muted (1%-7%) due to continuing execution issues
  - Madhucon reported 19%yoy fall in revenues, as the company could not book sales for work done for one of its road projects, although work done was added to WIP
- Operating margins for the universe remained flat yoy
  - L&T's margins declined by 90bp yoy to 11.9%, led by pricing pressures (in MIP and EBG), increase in input costs and higher staff expenses
  - Margins in Jaiprakash Associates increased 320bps led by higher margins in both construction and real estate segments
- Interest costs jumped sharply by 40%yoy for our coverage universe due to higher debt levels on account of increased working capital requirements and increase in borrowing costs
- Led by the suppressed margins and higher interest costs, pre-exceptional earnings declined by 1% yoy
- YoY order booking growth fell 16%yoy, as order booking fell across companies, except for L&T and HCC
  - IVRCL cancelled ~Rs19bn order from Ministry of Water & Electricity, Saudi Arabia from its order book due to prolonged delay
- Maintain L&T as top pick in the sector

Construction

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Gammon India	13,905	5.3	6.4	55,481	54,367	1,223	19.7	13.4	2,622	4,487	292	122.3	(7.7)	46	700
HCC	10,579	(3.4)	6.3	40,907	45,844	1,379	(1.7)	9.7	5,373	5,971	29	(67.8)	(90.8)	678	364
IVRCL Infrastructures	11,219	(7.8)	1.4	56,184	57,901	832	(26.0)	(17.2)	4,803	4,922	42	(77.0)	(85.0)	1,579	1,090
JP Associates	31,423	(5.5)	(1.0)	153,326	176,725	7,373	5.2	14.8	51,841	58,716	1,072	(11.4)	1.4	14,677	15,115
Larsen & Toubro	94,826	1.8	21.1	439,049	529,126	11,265	3.0	12.1	56,374	64,006	7,461	(0.4)	12.0	40,688	55,121
Madhucon Projects	3,292	(32.1)	(19.2)	17,046	19,517	463	(9.0)	6.5	1,850	2,091	80	(15.0)	(40.8)	510	487
NCC	11,409	(1.7)	5.1	61,944	63,351	1,158	5.2	11.0	5,867	6,201	233	0.5	(43.8)	2,143	1,699
Simplex Infra	12,596	(2.5)	7.2	48,806	55,398	1,189	(8.0)	0.9	4,691	5,346	241	(19.7)	(33.6)	1,246	1,084

Education

Educomp

- Strong performance across all business verticals led to the robust revenue growth, while the Smart Class and Online & Supplemental businesses were the key drivers for margins and thereby profitability. EBITDA margins expanded by 690bp.
- **Smart Class:** EDSL added 5,288 classrooms against 6,750 in Q1FY11. While Q1 is a seasonally weak quarter, the decline yoy is attributable to overflow of previous year contracts in Q1FY11. EDSL has garnered a 4% increase in average realization per classroom in the smart class segment, which underpinned an 11% revenue growth in the segment, inspite of lower classroom addition.
- **K-12:** A strong 30% QoQ growth in EBIT at Rs162m, with 59 schools currently operational. With 55% of total capital employed deployed towards the K-12 segment at Rs16.9bn, Educomp is demonstrating the ability to leverage on the sticky nature of the education space.
- Maintain Outperformer

Everonn

- Robust growth in VITELS - 67% revenue growth and 356bp margin expansion (to 55%). Muted additions in schools (42) & colleges (35) as Q1 is seasonally weak. However, increase in penetration per school drove profitability in the segment.
- Overall EBITDA margins for EEDU expanded 514bp to 37.3%.
- K-12 business: Initial signs of execution visible with 10 schools now operational under the management contract model (EEDU to earn 7% of the initial project cost and 15% of annual revenues of the school).
- Maintain Outperformer.

NIIT

- The Individual Learning Segment (ILS) garnered a robust enrollment growth of 11% and witnessed strong traction in its new Cloud Campus initiative (4000 enrollments in 45 days). EBITDA margins contracted 151bp to 9.6% primarily on account of investments towards the cloud campus. NIIT is looking to make an overall investment of ~Rs120m towards the cloud campus in H1FY11, and thus margins in ILS are expected to be muted in Q2 as well.
- The Corporate Learning Solution (CLS) segment registered an 18.4% growth in revenues and a 98bp improvement in EBITDA margins.
- Within the Schools Learning Solutions (SLS) segment, NIIT has garnered a robust 24% growth in the private schools business (173 new schools added)..
- Downgrade to Neutral.

Education

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Educomp Solution	2,924	12.0	28.3	13,509	17,573	1,054	30.8	52.1	5,425	7,543	366	16.4	0.4	3,348	4,001
Everonn Education	982	17.5	45.5	4,247	5,735	367	16.8	68.7	1,555	2,147	97	16.9	40.0	676	964
NIIT Ltd	3,212	3.4	15.5	12,482	14,847	307	1.2	7.0	1,593	2,068	29	16.1	16.4	775	1,042

Engineering

- ✓ Engineering companies revenues grew at 13% yoy in Q1FY12
  - Thermax (+32% yoy) and EIL (+41% yoy) reported strong growth in revenues led by pickup in execution of orders, while Carborundum's 32% yoy growth in revenues was led by increased demand across segments as also low base effect
  - Voltas's revenues growth was muted at 4% yoy led by decline in electromechanical segment (-2% yoy), while consumer demand slowed (-4% yoy) in the quarter
  - Elecon (+3% yoy), AIA (+9% yoy) and BEL (+1% yoy) was muted due to slower execution of projects
- ✓ Operating margins across most companies fell led by adverse change in revenue mix driving 8% growth in EBITDA
  - Thermax and EIL witnessed decline in margins led by higher execution of EPC orders, while AIA's and BEL's margins were impacted led by higher mining volumes and execution of civil contracts respectively
  - Carborundum & Elecon reported strong margin improvement led by strong demand, improved revenue mix & ability to pass on higher input prices. Further, restructuring benefits improved margins for Havells.
  - Voltas's OPMs fell due to higher raw material prices and rising competitive intensity
- ✓ Higher other income boosted led by increased yields boosted earnings growth for the sector at 25% yoy
  - Most companies continued to have net cash on books with limited debt on books (except Havells, Elecon and Carborundum)
  - Companies such as Voltas, Havells, and AIA mentioned they had witnessed marginally higher working capital led by higher inventories
- ✓ Order booking drops across companies under our coverage universe (-39% yoy). The order backlog was higher by 36% yoy. Ex BEL, order backlog fell by 2% yoy at the end of the quarter

Q1FY12 earnings review

Engineering

	Order intake				Order backlog			
Rs mn	1Q12	1Q11	% yoy	% qoq	1Q12	1Q11	% yoy	% qoq
AIA	2,942	3,025	(2.8)	(24.0)	4,800	4,100	17.1	6.7
Elecon	4,790	5,990	(20.0)	7.6	16,040	12,590	27.4	15.9
Voltas	2,000	7,577	(73.6)	(80.8)	45,530	50,060	(9.0)	(6.9)
Thermax (consol)	16,880	18,400	(8.3)	10.5	68,040	69,840	(2.6)	5.6
BEL	10,580	13,634	(22.4)	(88.9)	238,300	118,000	101.9	1.0
EIL	1,000	13,692	(92.7)	(67.7)	68,000	70,000	(2.9)	(8.9)
Total	**38,192**	**62,319**	**(38.7)**	**(71.1)**	**440,710**	**324,590**	**35.8**	**(0.4)**

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
AIA Engineering *	2,642	(21.0)	8.9	11,369	13,196	500	(24.5)	1.6	2,248	2,616	391	(25.4)	(1.7)	1,834	2,022
Bharat Electronics	9,207	(8.4)	0.8	56,961	63,996	319	(64.7)	(60.6)	8,940	9,462	1,228	29.8	50.8	8,182	9,112
Carborundum Uni *	4,653	8.7	32.3	16,007	18,805	868	22.9	67.2	2,647	3,246	523	45.8	102.2	1,473	1,834
Elecon Engineering	2,543	(12.1)	3.4	11,772	13,582	420	(3.3)	14.1	1,765	2,052	149	3.3	11.9	694	765
Engineers India	8,536	10.2	40.8	28,233	37,160	1,797	10.5	23.7	6,399	7,293	1,481	12.1	29.3	5,192	6,056
Havell India *	14,959	5.2	11.0	56,126	59,908	1,433	4.5	33.2	5,489	6,123	796	9.0	45.5	3,067	3,399
Thermax	10,444	(11.8)	32.2	53,366	62,187	1,137	(12.8)	18.5	5,714	6,577	799	(10.6)	20.7	3,817	4,486
Voltas *	13,458	(14.5)	(4.1)	51,768	56,438	1,062	(16.7)	(13.2)	4,408	4,422	757	(23.9)	(19.5)	3,291	3,227

** Consolidated nos*

Entertainment & Media

- Performance of the IEM sector was muted in Q1FY12. Excluding distribution, the IEM sector recorded a revenue growth of 9% yoy and EBITDA decline of 4% in Q1FY12.
- The broadcasting space garnered a 10% revenue growth on account of subdued ad revenue growth. Sporting events such as the World Cup and IPL are believed to have garnered ad spends to the tune of Rs15bn this year. This coupled with a tough external environment (high inflation & interest rates) has led to softening of ad spends by major sectors such as FMCG, Telecom, etc.
- ZEEL's advertising revenues were flat yoy and DTH revenues grew 13% QoQ. With respect to the sports business, revenues stood at Rs873m and operational losses at Rs566m. Overall EBITDA margins contracted by 528bp.
- Sun TV registered a 4% ad revenue growth, while garnering a 24% growth in domestic DTH subscription revenues. The softness in ad revenues is attributable to cut down in ad budgets by most FMCG players (HUL the largest spender reported a 16% decline in ASP spends in the quarter!) as also impact on volumes for Sun TV particularly, on account of the recent rate hike taken. EBITDA margins were maintained at 80.6% during the quarter.
- The print industry reported revenue growth of 19%, primarily on account of pick up in momentum in the relatively newer editions. However, higher newsprint prices (on a larger volume) impacted margins. Thus, EBITDA margin grew by a subdued 1%. Newsprint prices are hardening with imported newsprint prices currently at levels of USD720/tonne.
- In the TV distribution space, Dish TV added 0.75m gross subscribers. ARPUs were flat QoQ at Rs150 per month, on the back of churn in packages (subscribers opting out of sports package) and muted HD subscriber addition during the quarter. SAC reduced sequentially from Rs2142 to Rs2058 per subscriber.
- In line with expectations, cable distribution companies reported subdued results, with DEN Networks reporting an EBITDA of Rs238m and Hathway of ~Rs410m. The Cabinet/Parliament approval for mandatory digitization has been deferred to the Winter session of the parliament.

Entertainment & Media

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
DEN Networks	2,829	(2.6)	15.0	10,463	11,740	238	(15.3)	(22.1)	1,123	1,367	18	(83.2)	(81.7)	378	439
Dish TV India	4,604	(1.7)	51.3	14,366	20,892	1,122	4.7	247.9	2,389	5,898	(183)	-	-	(1,897)	383
ENIL	687	(7.7)	(40.1)	4,653	3,520	181	(4.7)	26.3	906	1,005	93	3.5	748.6	303	578
H T Media	4,969	3.4	22.9	17,860	20,555	903	0.4	13.0	3,358	4,365	515	12.7	28.1	1,809	2,331
TV18 Broadcast	2,659	-	53.6	8,046	10,065	246	-	369.6	488	1,191	212	-	(289.1)	(116)	505
Jagran Prakashan	3,046	0.7	12.9	11,153	12,724	821	1.8	(9.0)	3,422	3,732	498	4.3	(10.5)	2,058	2,246
PVR	1,172	1.3	13.6	4,612	5,310	199	72.2	28.7	892	868	155	14.2	205.5	81	298
Sun TV Network	4,540	(4.0)	3.1	20,135	20,107	3,659	(4.5)	1.7	12,024	12,104	1,876	(6.6)	9.8	7,698	7,803
UTV Software	2,050	(24.0)	2.9	9,296	12,080	(14)	(103.4)	(103.5)	1,606	2,405	(30)	-	-	1,356	1,732
Zee Entertainment	6,983	(9.1)	3.2	29,414	32,260	1,560	(25.6)	(16.6)	7,567	8,961	1,337	(9.1)	(13.1)	5,461	6,600

Financials

- ✓ **PAT below estimates:** Net profit for our universe came-off by 6% yoy vs. our estimate of 3% decline, led by a sharp contraction in NIMs and higher provisions for restructured portfolio and NPAs. Excluding SBI, net profit increased at a modest pace of 7% yoy
  - Private banks outshined with 32% yoy rise (in-line)
  - Public banks (ex-SBI) witnessed a 5% yoy decline due to higher provisioning
- ✓ **NII performance in-line:** NII growth at 20% yoy was as per estimates, led by SBI. Ex-SBI, NII lagged with 15% yoy rise (our estimate of 20%)
  - **Sluggish credit :** Up a mere ~1% qoq in Q1FY12
  - **Margins contract qoq:** As expected, sequential stress across banks (more pronounced for PSU banks; excluding SBI) as higher funding costs catch up.
- ✓ **Other income muted on a high base:** Overall non-interest income increased by 4% yoy.
  - Treasury income low due to elevated G-Sec yields
  - Fee income impacted by sluggishness in credit off-take and lower fee rates. Still strong for private banks led by transaction and corporate banking fees
- ✓ **Provision expenses and asset quality - divergence sustains**
  - Slippages for PSU banks persist at elevated levels – annualised at 2.6% of loans – accentuated by migration to system based NPLs.
  - Private banks maintain resilient asset quality; provision expenses decline by 37% yoy and 3% qoq

Financials

(Rs m)	NII					Pre-provisioning profit					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Allahabad Bank	11,756	7.4	38.2	40,225	49,403	8,896	12.2	26.3	30,546	38,127	4,181	17.9	20.5	14,231	18,367
Axis Bank	17,241	(3.5)	13.9	65,630	75,983	15,585	(7.2)	7.5	64,157	73,975	9,424	1.2	27.0	33,888	42,871
Bank of Baroda	22,972	(1.2)	23.6	88,023	99,048	18,313	0.1	19.9	69,816	82,404	10,329	3.2	20.2	42,417	49,544
Bajaj Auto Finance	3,073	6.3	37.9	9,059	12,369	1,688	18.5	28.7	5,745	7,263	908	40.9	94.1	2,470	3,414
Bank of India	18,410	(18.8)	5.8	78,107	83,244	13,959	(9.9)	(1.0)	53,844	63,501	5,175	(19.9)	(28.6)	24,889	28,881
Canara Bank	17,931	(11.2)	3.8	78,233	84,057	12,704	(16.5)	(14.3)	61,070	69,077	7,259	(22.7)	(28.3)	40,259	45,510
Corporation Bank	7,076	(17.9)	1.4	29,398	31,756	5,763	(19.8)	(7.1)	26,224	27,563	3,513	7.2	5.5	14,133	14,956
HDFC	10,948	(4.7)	17.1	46,898	56,969	11,935	3.1	21.6	49,370	58,346	8,445	1.7	21.6	35,350	41,866
HDFC Bank	28,480	(2.3)	18.6	105,431	127,131	20,334	(1.4)	16.3	77,254	94,507	10,850	3.2	33.7	39,264	50,912
ICICI Bank	24,109	0.4	21.1	90,169	108,111	22,340	(3.4)	2.1	90,475	108,451	13,322	(2.6)	29.8	51,513	66,874
Indian Bank	10,300	(4.5)	11.2	40,361	45,857	7,811	(6.8)	(6.8)	32,917	36,231	4,070	(1.8)	10.5	17,141	20,496
Indusind Bank	3,900	(1.5)	31.9	13,765	17,213	3,117	(2.8)	35.2	10,817	14,131	1,802	(0.1)	52.0	5,774	7,823
LIC Housing Finance	3,610	(6.6)	22.6	15,337	16,683	3,789	(1.1)	27.0	15,504	16,712	2,565	(5.2)	21.0	9,688	11,575
Mah & Mah Financial	3,317	(2.5)	27.1	13,137	16,643	2,074	2.5	25.5	8,592	11,155	1,022	8.9	37.7	4,631	5,951
Magma Fincorp	837	(19.8)	(7.2)	4,429	4,832	339	(7.0)	(9.8)	2,178	2,703	172	(14.1)	(5.4)	1,221	1,444
Power Finance	9,900	10.8	15.4	35,230	42,502	9,980	16.3	8.2	35,750	42,910	6,860	9.5	5.1	26,191	31,813
OBC	10,183	(0.5)	(3.7)	41,776	44,640	8,014	3.0	(2.5)	32,452	34,308	3,547	9.8	(2.4)	15,029	17,467
Punjab National Bank	31,153	1.4	19.0	118,073	134,053	24,739	2.9	17.9	90,557	104,262	11,051	1.3	3.4	44,335	53,068
Rural Electrification	9,097	2.8	17.3	32,580	38,816	9,207	0.6	16.1	34,766	40,949	6,620	(2.1)	12.7	25,699	29,291
STFC	8,146	(1.9)	11.5	29,582	35,911	6,945	5.5	23.4	24,037	29,873	3,473	(0.9)	20.2	12,299	15,336
Shriram City Union	2,321	(12.7)	39.4	8,054	10,248	1,540	0.7	52.8	4,766	6,193	804	1.7	63.6	2,406	3,222
State Bank of India	96,995	14.1	32.8	325,264	391,419	72,424	5.8	18.1	253,356	298,222	15,836	(11.6)	(45.7)	82,645	120,573
Union Bank of India	15,902	(4.5)	18.0	62,162	71,642	11,658	2.6	11.7	43,050	51,195	4,644	(1.8)	(22.8)	20,820	26,861
Yes Bank	3,542	(5.2)	35.1	12,469	16,689	3,251	(6.0)	30.6	11,904	15,876	2,161	2.6	38.2	7,271	9,830

Q1FY12 earnings review

FMCG

- Overall revenues continue to record healthy growth rates with 21% for the quarter. EBITDA is up by 17%. While commodities continue to hurt gross margins, companies have rationalized A&P spends to limit EBITDA margin declines.
- HUL reported 15% growth driven by an 8.3% growth in volumes. EBITDA margins declined marginally by 20bp. Gross margins were down sharply by 490bp to 44% driven by LAB, palm oil and coffee but lower A&P spends by 420 bps helped largely limit the EBITDA margin decline. Soaps & detergents EBIT margin improved to 9.2% from 7.5% in the previous quarter.
- ITC reported a strong performance with an overall revenue growth of 21% and PAT growth of 25% as cigarette volumes recorded a strong growth at ~8%. Hotels recorded a relatively modest 12% growth given that there were no room additions, but all other businesses recorded a strong 18%+ growth.
- GCPL reported 40% growth on the back of inclusion of 100% of Sara Lee, Megasari, Tura and Issue group. Core domestic categories recorded strong growth in excess of 17%. However, we have downgraded the stock to Neutral to reflect fair priced valuations amidst concerns of an increasing shift towards international operations.
- Dabur’s revenues were up 30%; driven by the full impact of Hobi acquisition; However core operational performance has been disappointing with shampoos continuing to struggle with a 19% decline. Pressure due to raw materials resulted in a gross margin erosion of ~500bp.
- Nestle reported a healthy operational performance with revenue growth of 20% and gross margin decline of a mere 50bp despite severe commodity pressure. PAT growth reflects a modest 10% on account of higher depreciation from the capex plans, and lower other income.
- Marico’s quarter reported excellent revenue growth of 32% (47% organic) with strong volume growth in Saffola and Parachute at 15% and 10% despite price hikes of 15% and 32% respectively.

FMCG

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Colgate-Palmolive	6,111	2.3	15.6	22,979	26,195	1,173	(24.5)	(15.6)	5,268	5,933	1,004	(23.9)	(17.7)	4,025	4,323
Dabur India	12,125	1.6	31.1	41,104	50,920	1,787	(3.1)	22.9	7,877	9,869	1,281	(2.3)	19.3	5,686	7,414
Godrej Consumer#	9,978	(2.6)	39.6	36,430	45,191	1,428	(19.7)	11.5	6,427	8,814	1,025	(27.5)	23.7	4,812	6,303
Hindustan Unilever	55,039	0.7	14.8	194,012	218,784	6,788	(0.6)	13.4	23,652	28,555	5,684	(0.7)	10.4	20,994	25,202
ITC	58,602	3.4	20.9	214,507	252,984	19,761	1.3	20.7	73,777	90,307	13,327	4.9	24.6	49,839	59,331
Marico	10,486	7.2	32.7	31,284	37,994	1,251	6.5	18.6	4,099	4,923	865	7.5	17.3	2,915	3,330
Nestle India*	17,631	0.0	20.2	62,547	74,713	3,445	(2.2)	17.2	12,462	14,994	2,138	(7.0)	9.8	8,186	9,998

** Year ending December # nos restated for FY11*

Hospitals

Apollo Hospitals

- ✓ In-line with estimates; Strong growth in Hyderabad and 'Others' clusters, muted growth in Chennai cluster
- ✓ Positive EBITDA in Standalone Pharmacies
- ✓ PAT grew 30% yoy to Rs545m – in-line with estimates

Fortis Healthcare

- ✓ Hospital revenues in-line but margins disappoint due to lower profitability in existing hospitals
- ✓ Consolidation of Diagnostic business during the quarter (~7 weeks). Revenues of Rs620m, Net loss of Rs10m
- ✓ Consolidated PAT including diagnostic business came at Rs140m

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Apollo Hospitals	6,410	(0.9)	22.5	26,054	30,377	1,059	(0.6)	19.9	4,189	4,919	513	1.3	30.7	1,839	2,100
Fotis Healthcare	4,833	11.9	43.0	14,828	22,679	617	(5.5)	29.7	468	3,697	140	(34.7)	(198.7)	1,244	939

Q1FY12 earnings review

Infrastructure Developers

- ✓ Revenues for our developers' universe grew by 57%yoy
  - GMR reported sharp 51% yoy jump in revenues, led by strong airport division growth (+103% yoy) as well as power (+18%yoy) and EPC segment (5x yoy)
  - GVK reported 25% yoy increase in revenues due to 26%yoy growth in power segment as generation was boosted by the use of RLNG during the quarter, whose cost was passed through in higher tariff
  - MPSEZ revenues grew 27% yoy led by continued strong yoy growth in volumes (+19.5%yoy) across commodities - coal, container and fertilizers
  - Gujarat Pipavav Port's revenues increased 62%yoy due to sharp jump in volumes (53% yoy for both bulk and containers)
- ✓ EBITDA of our developers' universe jumped 32%yoy
  - GMR and GPPL's EBITDA increased 32% yoy and 68% respectively led by sharp yoy rise in revenues
  - In spite of strong growth in revenues, GVK's EBITDA increased only 11%yoy due to lower profitability of Gautami power plant
- ✓ Gujarat Pipavav Port's interest costs declined sharply by declined by 45.6%yoy to Rs214m due to lower debt levels post repayment
- ✓ Earnings of infrastructure developers showed mixed growth trend
  - MPSEZ reported 17%yoy growth in earnings led by strong operating performance
  - GMR reported loss during the quarter, due to high fixed capacity charges at T3 terminal in DIAL
  - Gujarat Pipavav Port reported profit during the quarter compared to loss in Q2CY10, led by benefits of operating leverage and lower debt

Infrastructure Developers

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Adani Enterprise	95,962	33.0	73.3	264,057	353,692	11,679	(14.8)	102.8	40,932	73,726	5,698	(7.6)	39.9	25,251	36,029
Gammon Infra	925	18.5	31.0	3,359	4,230	576	8.5	41.3	2,020	2,684	28	31.3	30.0	173	111
GMR Infrastructure	18,636	7.1	51.3	57,738	73,621	4,980	6.2	31.9	15,555	21,161	(667)	(3.5)	(334.5)	(1,311)	(1,611)
Gujarat Pipavav	999	25.3	62.2	2,839	3,673	409	12.3	54.3	1,174	1,620	109	157.8	(145.4)	(509)	335
GVK Power	6,123	19.3	25.0	19,147	30,735	1,397	(9.7)	10.6	5,053	9,977	589	52.4	76.5	1,543	2,057
Mundra Port	5,297	9.8	27.4	18,044	24,958	3,630	9.3	25.4	12,293	17,029	2,526	28.1	17.0	9,136	12,251

IT Services

- **Divergent results from top4 companies**
  - **Volume growth performance:** TCS (7.5%) was above, Infosys and HCL Tech (~4% each) were broadly inline while Wipro (~2%) was below expectations
  - **Margins:** TCS & Infosys saw 200-300bp margin decline due to wage hike; Wipro's IT services posted only a 10bp qoq decline because of just 1-month of wage hike impact; HCL Tech margins expanded by ~110bp in the absence of wage hikes
  - **Blended pricing:** Increased by ~1% qoq for all, largely driven by cross-currency tailwinds; like-on-like pricing declined marginally
  - **Hiring:** net hiring on the quarter-ago base was healthy for Wipro and HCL Tech (3-5%) but lackluster for Infosys and TCS (~2%)
  - **Attrition rate:** declined for Infosys and HCL Tech, grew marginally for TCS but was significantly up for Wipro
- **Tier-2 companies saw strong topline growth**
  - Tier-2 companies reported 4-7% USD revenue growth; ***Key exception:*** Patni reported revenue decline of ~3%
  - All companies were largely able to absorb the wage hike impact on margins
    - Key positive exception: EBIT margins grew by ~225bp for Mahindra Satyam (no wage hike) & ~120bp for Hexaware
    - Key negative exception: EBIT margins declined by ~600bp for Patni (integration cost) and ~130bp for TechM
- **Cautiously optimistic management commentary for FY12**
  - While macroeconomic challenges might persist, IT services companies expect volume-driven revenue growth
  - All managements commented that currently there are no signs of spending cuts
  - Infosys/ Mahindra Satyam management commented about minor delays in decision making from clients

IT Services

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
HCL Technologies	42,995	1.1	27.5	160,342	197,173	7,942	3.4	26.4	27,488	34,272	4,908	7.5	56.5	16,189	22,162
Hexaware Tech	3,341	0.5	33.0	10,545	13,600	511	16.2	200.6	938	1,871	603	47.0	250.6	853	1,899
Infinite Computer	2,623	2.6	35.4	8,833	10,591	447	9.3	40.6	1,479	1,853	300	15.7	23.0	1,072	1,173
Infosys	74,850	1.1	20.8	275,010	323,000	21,740	0.2	10.9	89,560	99,410	17,220	2.8	15.7	68,230	78,421
KPIT Cummins	3,161	(0.6)	57.6	9,870	13,846	397	3.3	17.0	1,522	2,066	244	13.3	26.0	946	1,409
Mahindra Satyam	14,339	1.9	14.9	51,450	59,485	2,100	10.6	73.0	4,551	7,441	2,252	50.7	113.6	4,938	6,260
MindTree	4,131	2.2	18.5	15,091	17,627	460	10.0	4.4	1,777	2,163	345	40.2	118.2	1,016	1,414
Persistent Systems	2,238	0.8	23.6	7,758	10,095	401	(3.2)	16.6	1,583	1,805	276	(1.6)	(20.2)	1,397	1,219
Patni Computer	8,221	(2.5)	5.3	31,722	33,311	1,014	(6.5)	(35.3)	6,161	4,943	844	(14.2)	(42.6)	5,675	4,032
Tata Consultancy	107,970	2.2	31.4	373,245	468,533	30,310	1.8	25.5	111,984	136,470	23,803	4.8	27.7	87,164	106,195
Tech Mahindra	12,925	0.3	14.0	51,402	55,762	2,418	(11.0)	13.7	10,033	10,480	1,805	1.9	25.0	5,433	5,281
Wipro	84,929	1.9	18.1	310,542	366,708	16,579	(4.5)	4.2	65,436	74,380	13,349	(1.7)	1.2	52,976	58,131

Q1FY12 earnings review

Logistics

- ✓ Logistics companies reported 18% yoy growth in revenues as realisations across CFS facilities picked up in the quarter
  - Concor witnessed a muted revenue growth as volume growth for domestic segment as also from JNPT for its container rail business was muted
- ✓ Operating margins for the sector improved sharply on yoy basis
  - Higher ground rents boosted CFS margins across companies led by congestion at the JNPT and Chennai ports
  - Higher utilization levels led by lower empty runs boosted operating margins for both Concor and GDL
- ✓ Strong margins and higher other income (improved yields) drove earnings growth of 36% yoy
- ✓ We maintain our neutral stance on the sector with GDL as our top pick

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Allcargo Global*	8,541	14.1	33.6	28,613	30,606	1,022	13.8	53.3	2,697	3,698	664	43.7	73.0	1,651	1,887
Concor ^	9,490	(6.4)	3.6	38,266	40,860	2,597	(5.1)	5.1	10,226	10,974	2,342	6.7	21.0	8,311	9,825
Gateway Distriparks	1,831	13.0	42.9	5,894	6,892	618	32.3	107.6	1,592	2,237	334	40.5	137.7	975	1,152

**December ending, ^ Standalone nos*

Metals

- **JSW Steel:** JSW Steel's (JSWS) standalone EBITDA of Rs13.9bn (down 16% qoq) surprised positively (IDFC est. Rs11.8bn) on the back of higher-than-expected realization/tonne, which came at Rs41,245 (up Rs245) despite a general drop in flat steel prices during the quarter. Consolidated net debt rose Rs11.7bn qoq to Rs153.3bn; US continued to drag with lower utilization rates. Maintain Outperformer.
- **Jindal Steel & Power:** Jindal Power's (JPL) PAT of Rs4.5bn was below our estimate of Rs4.9bn on account of lower realization, which came in at Rs3.9/unit (IDFC est. of Rs4) and higher fuel cost of Rs0.7/unit (IDFC est. Rs0.57). Standalone revenues at Rs25.3bn (down 8% qoq) negatively surprised (IDFC est. Rs28.2bn) on account of lower sales volume, which came in at 0.46m tonnes (IDFC est. 0.55m). Excess power sales in the parent business were down 13% qoq to 259m units (IDFC est. 507m units) led by lower than expected production due to stabilization issues at the 3,135MW captive power plants. Standalone PAT of Rs4.7bn (down 27% qoq) was below our estimate of Rs5bn led by higher interest expenses (up 25% qoq) and tax rate of 27% (IDFC est. 25%). Shadeed operations are ramping up well and have achieved capacity utilization of ~80% for the quarter. Maintain Neutral.
- **Tata Steel:** Tata Steel's (Tata) revenues of Rs330bn came in 13% ahead of estimates primarily on the back of ~10% qoq increase in blended realization at European (TSE) operations (US$1,313/tonne vs. est. US$1,176/tonne). Reported EBITDA of Rs44.2bn was also significantly above estimates (Rs34.9bn) driven by higher realization at both domestic and European operations partially offset by a sequential increase in raw material costs at TSE. We note that other income for the quarter included Rs39.2bn from sale of non-core investments (Riversdale, Tata Refractories) and arbitration settlement with Teesside Cast Products. Adjusted for the same, net profit was Rs14.3bn, 33% above estimates. Maintain Outperformer.
- **SAIL:** SAIL's revenues of Rs109.3bn surprised positively (IDFC est. 102.7bn), on the back of both sales volume and realization surprise. EBITDA at Rs13.1bn was however, significantly below estimates on account of cost pressures across all heads. Higher coal costs and rising DA allowance, coupled with one-time provisioning, led to a 7.3% qoq and 9.7% qoq increase in fuel costs and employee expenses. Maintain Underperformer.
- **Sterlite:** Sterlite's (STLT) EBITDA at Rs27.2bn surprised positively (IDFC est. Rs26.3bn), on the back of strong operating performance at zinc operations even as performance at other businesses (copper, aluminum and energy) were a drag. While other income at Rs8.4bn (up 16%qoq) was above estimates (partly attributed by rising interest rates), higher depreciation (up 19%qoq) and interest expenses (up 67%qoq) surprised us negatively.

Metals

- **Hindustan Zinc:** Hindustan Zinc's (HZL) EBITDA at R15.9bn surprised positively (IDFC est Rs14bn), on the back of higher than expected refined zinc volumes at 0.19m tonnes (IDFC est. of 0.17m tonnes) and lead concentrate sales (5,418 tonnes). EBITDA surprise coupled with lower tax rate led to PAT surprise (Rs14.9bn vs IDFC est Rs13bn). Maintain Outperformer.
- **Hindalco:** Standalone EBIT at Rs7.4bn (down 3%qoq) was in line. While copper EBIT came at Rs1.5bn (IDFC est. Rs1.3bn) led by higher cathode production and increasing by-product credits, aluminum EBIT at Rs6bn (up 7%qoq) came marginally lower, led by lower alumina production due to constrained bauxite availability. Reported PAT came at Rs6.4bn (IDFC est. Rs6bn); led by (a) higher net interest income at Rs1.1bn driven by driven by improved treasury yield and an enhanced corpus, consequent to return of capital from Novelis (b) lower tax rate of 20% (IDFC est. 22%). Novelis' adjusted EBITDA came at US$306m (IDFC est. US$286m) even as shipments at 797,000 tonnes were below our estimates of 848,000 tonnes. Maintain Outperformer.
- **Coal India:** Coal India's (CIL) revenues (Rs145bn) and EBITDA (Rs48bn) came in 4% and 11% ahead of estimates largely on the back of higher-than-expected realization/ tonne, which was Rs1,368 (IDFC est. Rs1,320). The surprise in realization was led by: a) price hikes in February 2011, and b) 40% qoq rise in e-auction realization to Rs2,650/tonne. The total operating cost of Rs96.7bn was exactly in line, even as employee expenses of Rs48.7bn negatively surprised due to rising dearness allowance. PAT came in at Rs41.4bn (IDFC est. Rs31.9bn) led by: a) higher EBITDA, b) 33% qoq increase in other income to Rs15.6bn (IDFC est. Rs11.5bn), and c) a lower tax rate of 30.5% (IDFC est. 35%). Maintain Outperformer.
- **SESA Goa:** Revenue of Rs21.1bn surprised negatively on account of 12% qoq drop in iron ore realization; driven by higher domestic sales mix and unfavorable grade mix at Goa. However, lower operating expenses, especially contractors' expense (freight, etc) and export duty, limited the EBITDA miss to 7% (Rs11.5bn vs. Rs12.3bn). Reported core earnings of Rs8.4bn were largely in line with our estimate of Rs8.46bn due to higher other income and lower taxes. The company did not consolidate the proportionate share of 18.5% stake in Cairn India. Maintain Neutral.

Metals

- **NMDC:** NMDC reported better-than expected Q1FY12 financials with revenue and EBITDA beating our estimates by 4% and 13% respectively driven by better-than expected blended realizations (US$89 vs IDFC est. US$84) even as sales volume at ~7m tonnes were on expected lines. Nevertheless, over the medium term, we believe delay in commissioning of new mines and associated logistics as also insurgency-related disruptions could delay the targeted 50mtpa volume run rate by FY15. NMDC stock has lost 14% of market value over the last one month on regulatory concerns, but continues to trade at a premium to global peers. Maintain Underperformer.
- **Monnet:** Monnet Ispat's Q1FY12 revenue and EBITDA missed estimates on lower power generation due to maintenance shutdown at Raigarh plant. However, incremental progress on the expansion projects were the key positives. We believe re-rating of the stock is round the corner with incremental positive news-flow on commissioning of different phases of steel/power projects being the key near-term catalysts. Maintain Outperformer.

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Bhushan Steel	22,318	19.4	62.6	94,737	102,488	6,610	36.3	62.0	24,300	26,202	2,100	(7.7)	2.1	9,257	10,904
Coal India	144,991	3.6	26.8	502,336	620,741	48,197	10.9	85.3	140,570	184,174	41,439	29.7	105.0	108,674	143,882
Hindalco Industries	206,896	(6.9)	18.4	720,779	815,487	25,994	(6.7)	66.0	80,017	90,480	11,651	(6.2)	15.3	24,564	28,359
Hindustan Zinc	28,471	12.5	44.3	100,393	119,968	15,923	14.5	55.8	56,228	71,337	14,949	15.2	67.8	49,217	65,926
Jindal Steel & Power	39,441	10.4	31.4	129,114	166,406	16,257	1.3	3.9	66,464	74,821	9,188	(3.6)	(5.5)	41,275	40,300
Monnet Ispat Energy	4,272	(2.1)	1.6	15,737	22,303	1,163	(7.6)	(4.1)	4,655	6,208	732	1.5	0.7	2,851	3,408
NALCO	17,331	(12.4)	34.2	54,049	62,352	5,004	(9.8)	32.6	13,723	14,613	3,768	(0.7)	32.6	10,146	10,572
NMDC	27,826	4.0	10.5	113,689	113,823	22,547	13.2	9.9	86,465	84,477	18,012	15.6	19.8	64,992	65,685
SAIL	109,260	6.4	19.6	434,187	480,657	13,114	(19.6)	(28.8)	76,736	78,364	8,378	(14.0)	(28.8)	48,812	46,759
Sesa Goa *	21,089	(12.8)	(12.6)	92,051	90,489	11,458	(6.8)	(21.5)	51,120	45,771	8,406	(33.0)	(35.4)	42,138	50,422
Sterlite Industries	98,240	12.8	65.8	302,481	403,968	27,216	3.6	86.8	78,690	122,468	16,171	5.9	85.7	51,000	69,803
Tata Steel	330,002	12.6	21.3	1,187,531	1,232,534	44,229	26.6	(0.2)	159,956	164,725	14,275	33.1	(24.3)	66,725	69,413

** Estimates for Sesa Goa include proportionate share from Cairn India profit*

Oil & Gas

- Total Revenues came in at Rs3.2trn, up 40% yoy and 8% above estimates. The increase was led by higher than expected crude prices, higher product realizations by OMCs and Cairn, higher net realizations by Oil India and higher volumes at RIL and IGL/PLNG
- Total industry subsidy burden due to sale of fuel below cost was Rs438bn (our estimate, Rs445bn). While the subsidy share of upstream at 33% (in line), Government only paid ~34% of the gross for the quarter, much below estimates of ~53%, due to which OMCs reported significant losses for the quarter (Rs94bn), against estimates of small profits (Rs17bn).
- This quarter also saw improvement in operational metrics of RIL (GRMs, volumes) and Cairn India (net realizations, volumes), while gas players such as PLNG, IGL and GGCL reported another stellar quarter. Excluding OMCs, EBITDA for our coverage universe at Rs273bn came in 28% higher yoy and was 13% higher than estimates. Including OMCs, EBITDA at Rs205bn was 31% higher yoy but 28% lower than estimates.
- Upstream companies had a solid quarter, with net realizations for OIL and Cairn India surprising positively. ONGC also reported a 12% yoy increase in profits, despite a whopping 2x increase in subsidy burden for the quarter.
- Overall, PAT excluding OMCs was at Rs154bn, 47% higher yoy and 16% above estimates. Gross PAT at Rs59bn was however 60% lower than estimates, due to the huge losses incurred by OMCs
- Our view remains firmly in the positive for players in the natural gas space such as Petronet and IGL, and on integrated players such as RIL. PLNG,GGCL,IGL,RIL and OIL India are our top picks in the space. We think OMCs will feel the heat of strengthening crude prices with the expected subsidy at current crude prices at ~Rs1200bn for FY12E(net share of Rs180bn on OMCs). We remain skeptical of diesel deregulation in the near term, implying that the subsidy issue will continue to hamper prospects for some time. GAIL and GSPL are also expected to feel the heat over FY12E, with huge investments in pipeline capacity not being matched by commensurate growth in gas supply, implying muted earnings for the next eighteen months.

Oil & Gas

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
BPCL	461,396	(0.8)	34.8	1,536,813	1,631,079	(21,642)	(463.2)	53.9	34,943	46,489	(25,619)	(1,433)	49.1	15,470	22,563
Cairn India	37,127	(4.2)	341.7	102,779	174,177	31,553	(3.4)	449.9	67,794	115,557	27,266	5.2	868.9	48,688	91,472
Essar Oil	150,240	10.9	42.2	471,025	503,512	8,660	(13.1)	117.0	25,404	35,613	4,690	43.2	(770.0)	6,545	8,851
GAIL (India)	88,890	(3.3)	24.9	352,189	395,133	15,772	13.9	8.4	66,195	82,668	9,847	27.8	11.0	40,209	43,936
Gujarat Gas	5,852	6.5	39.8	18,484	22,931	1,403	27.8	50.2	4,147	4,743	963	36.0	67.2	2,579	3,017
Guj State Petronet	2,876	7.9	13.0	10,466	11,724	2,652	10.5	10.1	9,693	10,786	1,374	13.0	30.6	5,065	5,681
HPCL	409,169	14.0	39.6	1,341,199	1,415,833	(25,684)	(673.8)	67.4	38,993	41,414	(30,803)	(3,127)	63.5	15,390	19,238
IOC	1,012,845	8.7	40.8	3,338,261	3,681,612	(18,619)	(157.3)	(30.2)	132,718	168,229	(37,186)	(368.4)	9.7	74,455	91,803
Indraprastha Gas	5,374	5.1	60.0	17,505	21,292	1,583	8.2	47.3	4,987	6,136	801	12.7	40.1	2,598	2,972
ONGC	164,109	17.4	18.7	691,773	731,835	94,700	30.4	15.5	410,189	464,015	40,949	33.7	11.7	189,240	236,376
Oil India	23,661	25.6	50.3	86,114	113,179	12,412	179.2	80.0	43,331	58,479	8,496	94.0	69.5	28,836	41,903
Petronet LNG	46,233	13.5	83.0	131,973	182,721	4,902	42.9	97.9	12,163	14,493	2,567	42.3	130.5	6,196	7,521
Reliance Ind	810,180	10.5	39.1	2,658,110	2,879,694	99,260	(1.0)	6.3	389,610	367,301	56,610	1.4	16.7	202,110	221,109

Others

✓ Sintex

- Sintex Q1FY12 PAT at Rs946m was below estimates of Rs1.05bn even as EBITDA at Rs1.9bn was largely in-line with estimates. Commissioning of three new facilities during the last quarter, prior period adjustment of Rs26m (ONGC dispute settlement) and higher interest rate scenario led to higher than expected interest and depreciation expenses. Execution issues impacted monolithic business while labour unrest at various OEM's in the auto segment impacted revenues in domestic custom molding business. This was offset by strong growth (21.8% yoy) in overseas subsidiaries. Maintain Outperformer.

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Sintex Industries	11,120	(1.4)	22.1	44,837	50,711	1,892	(6.4)	37.7	8,155	9,305	946	(9.9)	20.0	4,600	5,707

Pharmaceuticals

- IDFC coverage universe revenue growth remained muted at 11% yoy but higher input costs impacted EBIDTA margins (~320bps yoy decline). However, PAT margins improved marginally to 16.9% (up 30bps yoy)
- Going forward, domestic formulations growth will be under pressure and earnings trajectory will largely be determined by the ability to launch new products in the US market.
- **Dr Reddy's:** Revenues ahead of estimates led by strong growth in US (48% yoy) while India growth remained muted (6% yoy); EBITDA margins marginally below estimates led by higher SG&A cost
- **Lupin:** Muted revenue growth in US (7% yoy) led by price erosion in Lotrel. India revenues in-line (17% yoy). Margin pressure visible as EBITDA margins declined (300bps yoy) despite lower R&D spends
- **Sun Pharma:** Ahead of estimates on Taro surprise (PAT of $36m vs. est. of $17m). Domestic formulations grew 18% yoy, management confident of 18-20% growth yoy
- **Cipla:** In-line with estimates. Higher EBITDA margins led by 400bps improvement in gross margins.
- Ranbaxy: Significant forex gains and lower taxes drove PAT ahead of estimates. US revenues in-line but India revenue growth lower (11% yoy); EBITDA margins impacted by higher SG&A cost
- **Glenmark:** Strong growth in US, RoW and India markets. Higher EBIDTA margins driven by improvement in gross margins. Forex gain and lower tax boosted PAT
- **Ipca:** Ahead of estimates led by strong growth in export formulation sales. Gross margins improved 190bps yoy but higher SG&A cost impacted EBIDTA margins. Indore SEZ continue to await USFDA approval
- **Torrent:** Revenues in-line. Improvement in gross margins (350bps yoy) and lower R&D spend led to higher EBIDTA margins.
- **Biocon:** Results below estimates led by lower licensing income. Ex-Axicorp, EBIDTA margins improved to 27% (20% in Q1FY11). Lower tax rate (15%) boosted PAT

Pharmaceuticals

- ✓ **Dishman:** Revenues in-line but EBITDA margins lower due to restructuring at Carbogen Amcis. Non-carbogen and vitamin revenues reported strong growth. Carbogen business a key monitorable
- ✓ **Strides Arcolab:** Ahead of estimates led by strong growth in non-licensing income. EBITDA margins improved 310bps qoq. USFDA approval for oncology as well as SPD-II to boost revenues going forward.

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Aventis Pharma *	3,249	0.1	11.8	11,458	12,912	649	(7.0)	3.8	2,039	2,388	497	(5.0)	17.2	1,550	1,840
Biocon	4,420	(6.0)	(33.2)	27,708	20,190	1,210	(14.5)	(9.0)	5,867	6,067	700	(17.7)	(9.1)	3,675	3,983
Cipla	15,503	(3.0)	8.6	63,145	73,065	3,285	2.8	5.2	13,218	16,359	2,534	(1.5)	(1.6)	9,897	12,260
Dishman Pharma	2,372	2.2	17.5	9,908	11,051	437	(10.3)	(1.8)	1,623	2,347	151	(4.4)	(43.7)	814	797
Dr Reddys Labs	19,783	1.5	17.5	74,693	90,423	3,971	21.0	16.4	15,660	21,753	2,762	7.8	44.6	10,762	13,944
Glaxosmithkline *	5,615	(1.9)	12.8	21,116	24,104	1,870	(9.3)	2.9	7,377	8,300	1,517	(7.0)	8.7	5,813	6,756
Glenmark Pharma	8,685	3.9	26.8	29,538	37,496	2,969	10.1	27.8	5,970	10,014	2,103	12.5	23.3	4,580	6,884
Ipca Laboratories	5,299	7.4	26.8	18,825	22,396	952	4.4	33.7	3,598	4,383	617	13.2	58.6	2,617	3,002
Lupin	15,432	(0.6)	17.6	58,320	68,840	2,698	(6.1)	2.9	11,911	14,166	2,101	(6.2)	7.0	8,626	9,843
Ranbaxy Labs *	20,931	4.0	(2.7)	89,607	101,784	1,816	(5.6)	(56.4)	18,653	21,345	2,432	129.4	125.0	14,969	17,168
Sun Pharma	16,357	(3.2)	16.9	57,214	72,695	5,474	4.7	(11.1)	19,885	24,355	5,010	7.9	(11.2)	18,374	21,393
Strides Arcolab *	6,185	23.1	27.9	17,611	21,915	1,454	36.3	11.4	3,959	4,743	539	49.3	(18.9)	1,225	1,927
Torrent Pharma	6,134	1.8	16.7	21,219	25,554	1,191	23.5	23.4	3,046	4,197	1,025	34.5	38.1	2,701	3,487

** Year ending December*

Pipes

- ✓ **JSAW:** Jindal SAW's standalone EBITDA came at Rs1.8bn (IDFC est. 2.5bn) on account of (a) lower than expected sales volume which came at 0.18m tonnes (IDFC est. 0.24m tonnes) due to shipment delay in some of the orders (b) lower than expected blended Ebitda/tonne of Rs9,502 which came 12% below estimates. While a strong exploration demand led to improving margins in seamless pipes, execution of certain low margin orders and higher RM prices led to lower HSAW and ductile iron margins. Standalone reported PAT came at Rs0.8bn (IDFC est. Rs1.4bn) led by (a) lower Ebitda (b) higher tax rate of 30% against our estimates of 27.5%. Maintain Outperformer.
- ✓ **MHS:** Maharashtra Seamless (MHS) EBITDA came at Rs1bn (IDFC est. 1.2bn) on account of (a) lower than expected total sales volume which came at 85,732 tonnes (IDFC est. 90,965 tonnes) (b) lower than Ebitda/tonne in ERW segment which came at Rs3,018 (IDFC est. Rs5,250) on account of higher raw material prices.. Standalone reported PAT came at Rs719m (IDFC est. Rs853m) led by (a) lower Ebitda (b) higher tax rate of 32% against our estimates of 29%. Order book at Rs7.08 bn is the highest in the last two years which would give the company a head start in achieving volume guidance of 0.26 mn tons of dispatches (seamless) in FY2012E. Maintain Neutral..
- ✓ **WGSR:** Consolidated EBITDA at Rs3bn came below estimates (IDFC est. Rs3.4bn) led by (a) lower pipe sales volumes led by maintenance shutdown and delay in dispatch of 30,000 tonnes of pipes (b) Lower than expected blended EBITDA/tonne which came at Rs5,565 (IDFC est. Rs9,100). While interest expenses at Rs434m were largely in line, 22% qoq increase in depreciation expenses at Rs768m negatively surprised us (IDFC est. Rs700m). Consol PAT at Rs1.2bn (up 4%qoq) was below estimates of Rs1.6bn led by lower EBITDA and higher tax rate which came at 37.4% (IDFC est. 27%). Rating under Review.

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Maharashtra Seamless	4,785	0.1	20.2	17,818	19,360	1,021	(11.6)	4.5	4,475	4,253	719	(15.7)	1.3	3,172	3,164
Welspun Corp	17,457	(8.3)	27.9)	83,204	85,078	2,951	(13.4)	(23.1)	13,785	14,857	1,191	(24.4)	(37.5)	6,529	6,928

Power Equipment

- ✓ Power equipment companies under coverage reported 10.6% yoy growth in revenues
  - BHEL's revenues increased by muted 10% yoy due to deferment of revenues worth ~Rs6bn caused by delays in customer clearances and logistical bottlenecks
  - Crompton's revenue increased by only 6%yoy due to lower revenues in international subsidiaries(-8% in euro terms) caused by deferment in deliveries in Middle East and North African markets
  - ABB reported 17%yoy increase in revenues, led by power systems business revenue growth of 22%yoy
- ✓ Operating margins of our power equipment universe fell by 60bps yoy
  - BHEL EBITDA margins rose 50bps yoy to 13.6%
  - Crompton's margins declined sharply by 550bps yoy due to sharp rise in competitive intensity as also rising commodity prices that have impacted operating margins across both domestic and international orders
- ✓ Pre-exceptional earnings for companies grew by 5.5% yoy
  - BHEL reported 22%yoy growth in earnings driven mainly by sharp rise in other income by 39%yoy
  - Crompton's earnings fell sharply by 58%yoy due to slower revenue growth and decline in margins
  - ABB reported 20%yoy fall in earnings led by fall in margins
- ✓ Order booking growth during Q1FY12 declined sharply
  - BHEL reported sharp 77% drop in order booking
  - ABB's order booking jumped sharply by 45%yoy, although most orders were short gestation orders and no single large order booked in the quarter

Power Equipment

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
ABB	16,930	9.4	17.0	62,871	72,959	760	(11.9)	4.4	1,784	3,880	487	(17.0)	(20.2)	1,578	2,381
BHEL	71,257	(6.8)	10.0	415,788	492,607	9,675	(6.6)	14.4	80,460	92,504	8,153	(1.1)	21.8	59,298	69,371
Crompton Greaves	24,377	(3.5)	5.9	100,051	109,570	1,819	(44.6)	(38.8)	13,437	11,147	795	(63.3)	(58.4)	9,268	7,146
EMCO	1,880	13.2	58.5	10,495	10,414	186	24.7	(173.2)	(43)	821	17	489.1	(106.7)	(442)	86

** Year ending December*

Power Transmission

- ✓ Power transmission companies grew by 16% yoy led by strong order backlogs
  - Kalpataru & KEC (standalone) revenues were impacted led by slower execution of orders in Middle East and early onset of monsoons
- ✓ Operating margins fell across companies led by high base effect
  - KEC's margins fell by 60bps led by change in revenue mix towards low margin cables and railway orders
- ✓ Higher interest costs (higher debt and interest rates) impacts earnings (pre-exceptionals) for companies (-4% yoy)
- ✓ Order backlog (+27% yoy) continued to remain robust during the quarter led by 27% yoy jump in intake as transmission spend by state and international utilities continued in the quarter

	Order intake				Order backlog			
Rs mn	1Q12	1Q11	% yoy	% qoq	1Q12	1Q11	% yoy	% qoq
KEC	13,000	10,126	28.4	0.0	81,160	56,500	43.6	4.1
Kalpataru Power	15,000	3,356	346.9	8.5	59,000	48,000	22.9	7.3
Jyoti Structures	6,210	5,351	16.0	(43.5)	44,700	41,060	8.9	(0.7)
Total	34,210	18,833	81.6	(9.6)	184,860	145,560	27.0	3.9

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Jyoti Structures	6,377	(1.8)	16.9	23,797	27,568	701	(5.3)	0.6	2,739	3,134	261	(5.1)	3.4	1,109	1,171
K E C International *	10,225	5.1	20.9	44,742	54,522	956	(1.7)	12.7	4,715	5,219	331	(10.2)	(5.5)	2,217	2,301
Kalpataru Power	5,827	(2.9)	8.8	43,511	51,957	648	(1.8)	(7.1)	4,469	5,207	336	0.2	(8.8)	2,001	2,262

* Consolidated nos

Q1FY12 earnings review

Power Utilities

- ✓ Q1FY12 revenues for power utilities under coverage increased 13% yoy
  - NTPC revenues increased 12%yoy as pass-through of higher fuel costs (14.5% yoy) drove a 14% increase in realizations, in spite of 2%yoy decline in volumes
  - KSK's revenue growth at 92% yoy was driven by commissioning of three units at the Wardha Warora plant and steady supplies from the same predominantly under PPAs (Reliance Infra and captive users) at average tariffs of Rs5.1/unit
  - Lanco's revenues fell 11% yoy, due to higher proportion of inter-segment revenue elimination
  - R-Infra's revenues jumped 58% yoy to Rs33.7bn, due to higher EPC revenues from pick-up in the execution of the Samalkot expansion project
  - Tata Power's consolidated revenues increased 13%yoy led by very strong growth in the coal mining business
  - Nava Bharat reported 19%yoy fall in revenues due to due to lower generation on account of maintenance shutdown in 50MW Paloncha unit
  - JPVL revenue growth 45%yoy was driven by higher generation from the Vishnuprayag hydropower project and commissioning of the Karcham Wangtoo hydropower project
- ✓ EBITDA of our universe increased 11%yoy
  - NTPC's EBITDA increased 5.5% yoy
  - Lanco reported 23% yoy fall in EBITDA, due to elimination of higher proportion of inter-segment revenues
  - R-Infra's EBITDA jumped 153%yoy due to higher EPC revenues
- ✓ Overall, net earnings (pre-exceptional) of our utilities' universe increased by 3.7% yoy
- ✓ We maintain Lanco, KSK and Nava Bharat as our top picks in the sector

Power Utilities

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Lanco Infratech	18,601	(24.9)	(12.5)	77,340	117,488	4,020	(22.1)	(32.5)	18,407	23,994	(682)	(187.1)	(147.0)	3,132	4,273
Adani Power	8,187	(10.9)	131.9	21,064	58,214	4,102	(23.9)	92.4	12,081	36,102	1,769	(24.4)	54.5	5,238	16,790
CESC	11,690	2.9	8.0	39,370	45,167	2,530	(7.2)	4.5	9,950	10,765	1,110	(12.8)	0.9	4,869	5,124
Jaiprakash Power	2,753	32.6	44.7	7,369	18,663	2,467	39.8	53.0	6,197	15,861	696	38.5	43.5	1,754	4,068
KSK Energy Ventures	4,419	(2.4)	92.0	10,961	18,884	1,657	(6.5)	12.4	5,080	8,877	407	(6.3)	(49.7)	1,817	2,251
NTPC	144,120	1.6	11.7	547,763	631,570	31,105	(7.8)	5.5	135,432	146,955	20,928	(4.8)	13.9	93,881	97,124
PTC India	24,874	4.1	(9.8)	90,632	103,267	506	59.3	88.2	1,355	1,599	483	47.0	73.4	1,345	1,557
Reliance Infrastructure	33,709	51.2	57.9	91,954	121,694	4,063	119.0	152.7	7,586	9,067	3,205	34.3	30.2	11,309	10,206
Tata Power Company	18,421	(5.6)	2.2	65,994	72,364	3,487	(15.7)	(9.5)	12,267	13,369	2,940	36.2	31.8	8,473	8,776
Nava Bharat Ventures	2,347	(11.6)	(18.7)	10,905	12,269	576	(27.2)	(51.2)	3,070	3,327	532	(17.7)	(51.3)	2,769	2,586

Real Estate

- Revenues of coverage universe grew 19% yoy led by DLF and Godrej Properties (GPL)
  - Strong revenue growth across coverage universe; ~20% ahead of estimates; GPL revenues up >216% yoy
  - Slowdown in sales volume continues; GPL sales in Ahmedabad township also hit
  - Noida market impacted by land acquisition crisis in the region; TDR market in Mumbai hit by slower project approvals
- EBITDA margins impacted by input cost escalations
  - Ex-Jaypee Infratech (JIL), EBITDA margins down 400bps yoy for coverage universe; past projects recognition and input cost inflation continue to hurt margins
  - DLF margins back to 45% led by recognition from plotted sales; JIL reported normalised margins (48% vs. 83% in Q1FY11)
  - GPL margins disappoint at 15% (vs. est. of ~24%); sharply higher employee costs drag APIL's margins (18.4%)
- Resultant, PAT decline 22% yoy (Ex-JIL) led by DLF and GPL
  - Interest cost increase across coverage universe as lending rates increased in-line with RBI rate hikes
  - DLF PAT down 21% yoy led by lower other income and higher interest expense
  - PAT margin (EX-JIL) decline across coverage universe (17% vs. 27% in Q1FY11)

Real Estate

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Ansal Properties	2,970	3.3	15.7	12,571	14,133	545	(14.5)	(28.1)	2,421	3,537	218	(20.0)	(40.9)	1,015	1,472
DLF *	24,458	18.2	20.6	95,606	101,030	11,110	22.3	13.4	37,527	46,530	3,660	5.8	(21.0)	15,424	19,207
Godrej Properties	1,306	79.1	216.9	4,515	7,747	202	12.9	1,424.1	1,051	1,778	101	(40.8)	(54.9)	1,310	1,468
HDIL	5,118	32.9	13.5	18,500	25,955	2,936	40.4	9.8	11,036	14,330	1,894	15.0	(19.2)	8,273	10,758
Jaypee Infratech	6,170	18.8	3.4	27,787	30,027	2,974	33.9	(39.8)	18,110	13,165	2,378	33.7	(39.8)	14,351	10,524

** DLF FY11 PAT includes one time input cost adjustment of Rs4.4bn (post tax)*

Retail

- **Retail industry starts to feel the heat of slowing footfalls and dropping conversion; Jewelry retailing however remains strong**
- **Titan – 35% volume growth in jewelry retailing; but moderation ahead**
  - Watches business growth of 23% to Rs3.1bn, largely volume led
  - Jewelry business growth of 72% to Rs16.3bn – underlying volume growth of 35%
  - Watches business margins erode 180bp yoy to 14.6% and jewelry margins improve by 170bp to 8.9%
  - Initial signs of slowdown witnessed in July; With slodown in discretionary spends and higher gold prices, we expect growth moderation ahead
- **Shoppers Stop – Decline in same store volumes**
  - Same store sales growth slows down to 7% with volume decline of 5%. Footfalls grow by mere 3%
  - HyperCity losses came in higher at Rs237m (est of Rs150m)
  - In the wake of slowing same store sales growth in lifestyle business and higher losses in HyperCity, we downgrade the call to Neutral

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Shoppers Stop	5,933	(1.0)	66.7	22,329	30,027	139	(55.5)	(45.1)	1,316	1,665	(15)	(115.7)	(116.1)	438	601
Titan Industries	20,206	24.1	61.3	65,330	87,999	1,846	38.7	65.8	5,895	7,832	1,434	33.8	76.4	4,331	5,995

Q1FY12 earnings review

Telecom

- ✓ Tariff hikes by leading operators was the focal point of discussion this quarter – operators conceded that cost pressures were the driver for such a step but, remained cautious on the immediate upside from the same.
- ✓ Calibrated promotions and rationalization of dealer commissions (as industry gross adds declined) led to a 90/290bp improvement in wireless margins for Bharti India-SA/Idea. Idea reported a sharp improvement in established circle margins however, EBITDA losses in newer circles are likely to remain elevated on account of continued investments.
- ✓ Despite improving wireless margins reported profits declined sequentially on account of i) subdued non-wireless business; ii)3G related uptick in depreciation and interest cost; and iii) expiration of tax holidays
- ✓ Traffic growth for GSM operators dropped considerably to 3-6%qoq due to focus on paid minutes and high-base effect; however, a second consecutive quarter of ~3% growth for RCOM was encouraging. Reported wireless ARPU decline of 1-3%qoq was largely in-line with expectations (Idea beat marginally). Average yields' trend was mixed; modest uptick at Idea due to controlled discounts, decline at Bharti albeit at a decelerating rate and flat yields at RCOM.
- ✓ Bharti's Africa operations continued to report steady improvement in margins (+95bp qoq) with mid-single digit revenue growth along expected lines. Traffic growth rebounded to 9.5%qoq after a slump last quarter due to regulatory intervention in DRC. In the absence of any major price corrections ARPU inched up by 1% to US$7.3. Management indicated that focus on network coverage and cost efficiencies via outsourcing initiatives would drive scalability.
- ✓ Performance of non-wireless businesses was weak with Global Enterprise business at RCOM reporting a 13%qoq revenue decline and Bharti's India-SA Enterprise business margins dropping 360bp sequentially. In addition, losses in the 'others' (incl. DTH) segment widened for both Bharti and RCOM.
- ✓ ***Our view:*** We had expected Indian telcos to report subdued profitability in the near-term on account of 3G related costs but the reported wireless margin uptick in Q1FY12 was a positive surprise. We have lowered our traffic growth assumptions to low-teens for FY13 while the estimate for average yields have been revised upwards by 5-7% as the impact of price hikes and 3G data revenue trickle in over the next 2-4 quarters. At current valuations of 6.5-8.5x FY12E EV/EBITDA with incremental news flow around regulations expected to be negative, we see limited upside in the near-term . However, continue to prefer Bharti as a medium-term bet on better risk reward.

Telecom

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Bharti Airtel	170,090	(0.1)	39.1	595,279	721,018	56,994	(0.5)	29.1	203,059	246,502	13,894	(10.1)	(26.8)	64,928	64,893
Idea Cellular	45,207	1.4	23.7	154,703	197,525	12,040	11.8	35.5	37,197	54,579	1,773	46.8	(12.0)	8,276	10,539
OnMobile	1,364	(7.4)	10.2	5,372	5,993	270	(20.6)	(4.9)	1,206	1,307	128	(9.2)	(31.2)	892	737
Reliance Com	49,401	(10.2)	(3.3)	205,627	208,554	16,021	(4.3)	(1.8)	65,516	68,258	3,083	11.8	(31.6)	15,315	11,513

Transportation

Jet Airways

- ✓ Jet (consolidated) reported revenue growth of 15% to Rs39.7bn; EBITDA and PAT (loss) came in at Rs363mn and Rs3.3bn respectively, excluding exceptional gains of Rs2bn. These exceptional gains are on account of refunds from lessors on account of the 'power by the hour' arrangement for maintenance.
- ✓ The loss has come largely from a 55% increase in fuel costs.
- ✓ Jet reported domestic traffic growth of 12% and capacity increase of 17%. While industry demand grew at 15%, slower than supply growth at 19%, we expect the equation to be more favourable next quarter.

GE Shipping

- ✓ Consolidated revenues came at Rs6.8bn with EBITDA margins of 40% and PAT of Rs1.5bn
- ✓ Despite a tough freight environment, shipping revenue growth came in at 9%
- ✓ While the numbers positively surprised us in this quarter, the outlook for the next year remains weak given the supply overhang and one of the worst freight levels since 2002. We believe that at current levels, yields are unsustainable and a reversal from here seems certain however the timing remains uncertain.

(Rs m)	Net Sales					EBITDA					Profit After Tax				
Company	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun 11	Var. %	y-o-y	FY11	FY12E	QE Jun11	Var. %	y-o-y	FY11	FY12E
Jet Airways (India)	39,704	1.9	15.4	145,205	163,741	363	(147.6)	(91.4)	15,539	20,846	-3334	(33.3)	839.0	(2,670)	2,499
GE Shipping	6,818	13.3	5.8	24,329	26,678	2721.6	20.4	4.1	9,552	11,240	1536	56.6	17.0	4,614	6,334

Thank you

Disclaimer

This document has been prepared by IDFC Securities Ltd (IDFC SEC). IDFC SEC and its subsidiaries and associated companies are a full-service, integrated investment banking, investment 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. While we would endeavor to update the information herein on reasonable basis, IDFC SEC, its subsidiaries and associated companies, their directors and employees ("IDFC SEC and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent IDFC SEC and affiliates from doing so. We do not represent that information contained herein is accurate or complete and it should not be relied upon as such. This document is prepared 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 investigations 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). The investment discussed or views expressed may not be suitable for all investors.

Affiliates of IDFC SEC may have issued other reports that are inconsistent with and reach different conclusions from, the information presented in this report.

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 IDFC SEC and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of, and to observe, such applicable restrictions.

Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals.

IDFC SEC and affiliates may have used the information set forth herein before publication and may have positions in, may from time to time purchase or sell, or may be materially interested in any of the securities mentioned or related securities. IDFC SEC and affiliates may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall IDFC SEC, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. Any comments or statements made herein are those of the analyst and do not necessarily reflect those of IDFC SEC and affiliates.

This document is subject to changes without prior notice and is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material and is not for any type of circulation. Any review, retransmission, or any other use is prohibited.

Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. IDFC SEC will not treat recipients as customers by virtue of their receiving this report.

Explanation of Ratings:

1. Outperformer: More than 5% to Index
2. Neutral: Within 0-5% to Index (upside or downside)
3. Underperformer: Less than 5% to Index

Disclosure of interest:

1. IDFC SEC and affiliates may have received compensation from the company covered herein in the past twelve months for issue management, capital structure, mergers & acquisitions, buyback of shares and other corporate advisory services.
2. Affiliates of IDFC SEC may have received a mandate from the subject company.
3. IDFC SEC and affiliates may hold paid up capital of the subject company.
4. IDFC SEC and affiliates, their directors and employees may from time to time have positions or options in the company and buy or sell the securities of the company(ies) mentioned herein.

SEBI Registration Nos.: INB23 12914 37, INF23 12914 37, INB01 12914 33, INF01 12914 33.