

RESULT REVIEW Q4FY12

Optically bright, operationally dim

India Equity Research | Strategy

Earnings growth for the Sensex at 21.8% YoY and 11.8% for the coverage universe (ex-OMCs) was well ahead of our expectations of 6.4% and 1.0%, respectively. However, we are not particularly enthused by the pace as there are still enough pain points—asset quality of PSU banks, declining order momentum within cap goods, pressure within the all important BFSI vertical for IT—which warrant a more guarded view. Also, much of the beat was driven by a handful of stocks, adjusting for which earnings were broadly in line. Worryingly, after a brief lull, the downgrade cycle seems to be gaining pace with FY13 EPS estimates having been downgraded 1.7% since the beginning of the earnings season.

Earnings surprise on the upside but driven by a handful of stocks

Earnings growth for the Sensex at 21.8% YoY and 11.8% for the coverage universe (ex-OMCs) was well ahead of our expectation (6.4% and 1.0% respectively). However, we are not particularly enthused by the pace as much of the beat was driven by few stocks (ONGC, Tata Motors, BHEL and SBI) adjusting for which earnings were broadly in line. After putting up a stiff resistance over the last few quarters, revenue growth seems to be waning off, pointing to a weakening overall demand (in the coverage universe, ex-OMC growth was at 18.8%, Sensex at 19.4%, YoY). In fact, for our coverage universe, this was the slowest ever topline growth since Q3FY10. The trend of margin contraction continues with EBITDA margins down by 292bps for coverage universe (ex-OMCs) and by 223bps for the Sensex.

Sectorwise headwinds persist

On the operational front, some of the sectoral pain points observed in the previous quarters continue to persist. BFSI sector continues to face headwinds as regards to asset quality especially within the PSU space as plump SEB and aviation accounts along with an increased CDR momentum have led to a sharp rise in the restructured pool for most of the banks. For the capital goods sector, order inflow continues to decline, and is down 29%YoY, leading to a grimmer revenue visibility for the sector. This apart, within the IT sector, top four players have reported a sequential drop in revenues for the all important BFSI vertical.

Earnings downgrade cycle resumes

We are ending FY12 with Sensex EPS at INR 1,098 (7% YoY growth). Sectors which have driven the earnings growth between FY11 and FY12 include energy, banks and autos while metals, telecom and power have been the laggards. More worryingly, after a brief lull, the downgrade cycle seems to be gaining pace with FY13 Sensex EPS estimates having been downgraded by 1.7% since the beginning of the earnings season. For FY13E, the consensus Sensex EPS stands at INR1,280 (Edelweiss: INR1,276). The stocks which have been downgraded during the earnings season include Bharti Airtel, Tata Steel and Tata power while upgrades were seen in Maruti Suzuki, ICICI Bank and Hindustan Unilever.

Note: Q4FY12 refers to the Jan- Mar 2012 quarter in this report unless otherwise mentioned

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Q4FY12 earnings: PAT above expectations, margins continue to contract

Table 1: Earnings, revenue and EBITA margin for Q4FY12

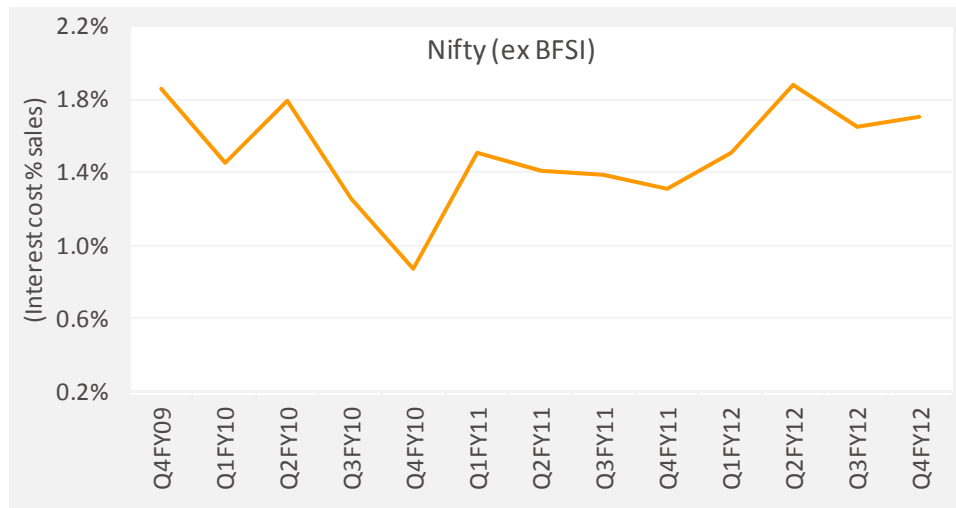
Sector	PAT growth		Revenue growth		EBITDA margin	
	Y-o-Y (%)	Estimate (%)	Y-o-Y (%)	Estimate (%)	Y-o-Y (bps)	Estimate (bps)
Agro related	6.5	(16.8)	25.8	29.9	(180)	(151)
Auto	76.0	17.0	31.9	27.7	(52)	(41)
BFSI	58.8	45.0	22.1	16.8	NM	NM
Cement	(6.5)	0.8	17.2	15.5	(118)	(118)
Construction	(20.3)	(26.7)	4.4	5.2	8	(15)
Consumer goods	23.8	17.7	18.7	16.2	41	27
Energy	67.3	43.4	27.5	23.5	59	(30)
Engg & Cap Goods	9.7	(1.7)	10.8	16.6	(34)	(189)
Fertiliser	32.3	54.6	119.3	96.7	(237)	(17)
Hospitality	(47.4)	(32.9)	22.4	28.2	(1,338)	(1,001)
IT	21.2	15.5	24.0	25.3	15	(22)
Media	(21.3)	(40.3)	9.1	(2.0)	(549)	(203)
Metals & Mining	(25.7)	(34.9)	9.2	5.3	(534)	(513)
Miscellaneous	(46.9)	(88.7)	12.9	12.3	(367)	(377)
Pharmaceuticals	53.4	38.1	34.6	30.0	461	455
Real Estate	(7.6)	(15.0)	3.9	(11.1)	442	1,324
Retail	10.8	11.8	16.8	16.9	99	22
Telecom	(14.9)	(13.0)	3.5	4.9	(622)	(621)
Utilities	(28.0)	(12.6)	24.5	13.7	(373)	(135)
Coverage ex OMCs	29.3	14.7	22.2	19.1	(111)	(142)
Sensex	21.8	6.4	19.4	16.3	(223)	(239)

Source: Edelweiss research

Sector wise headwinds persist

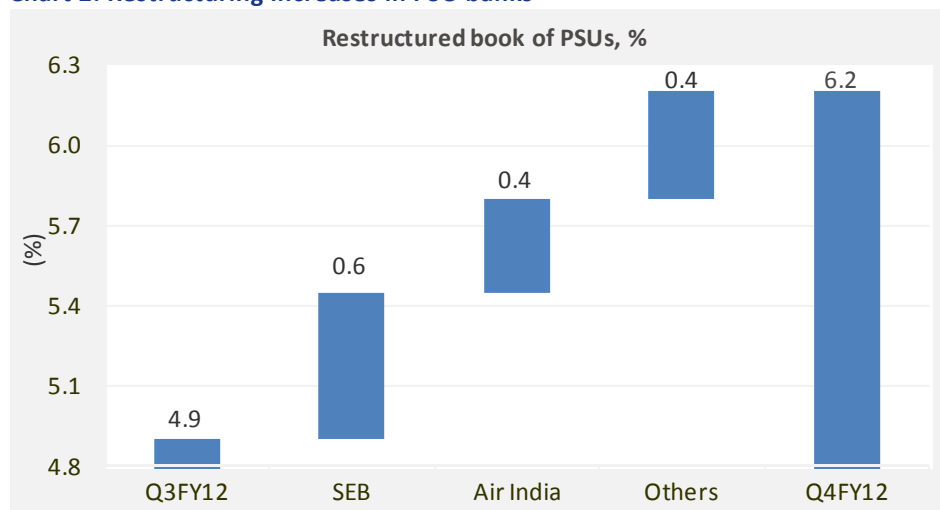
Interest costs for the Nifty universe remain at elevated levels (1.7% for Q4FY12). Given the faltering growth, it is likely that RBI will resort to growth supportive measures. However, any positive impact on interest burden is likely to be back-ended, in our view.

Chart 1: Interest costs still elevated



Sector-wise, some of the trends observed in the previous quarter sustain. For one, the asset quality of banks, especially in the PSU space, remains an area of concern with slippages coming in at 150bps-200bps than the average delinquencies of 9MFY12. Chunky SEB and aviation accounts along with an increased CDR momentum have led to a sharp rise in the restructured pool for most of the banks. An exception to this is SBI which has reported an improved slippage run rate. Reported PAT for some PSU banks was optically higher due to much lower tax rate (due to section 36(1)(viii) benefits and higher write-offs), investment depreciation write-back and better treasury profits.

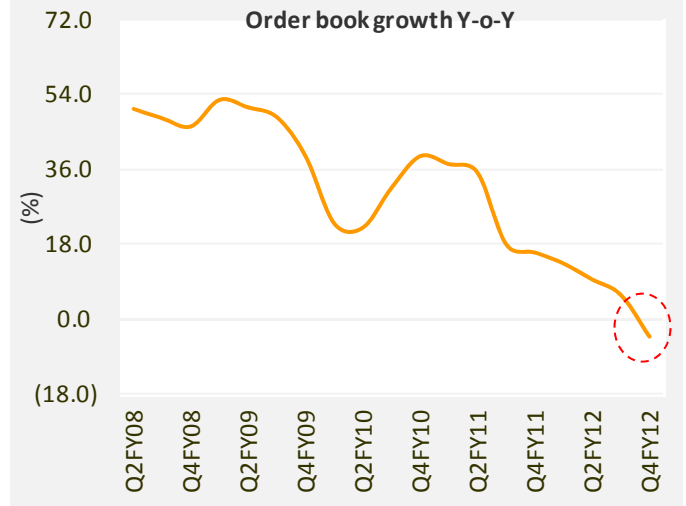
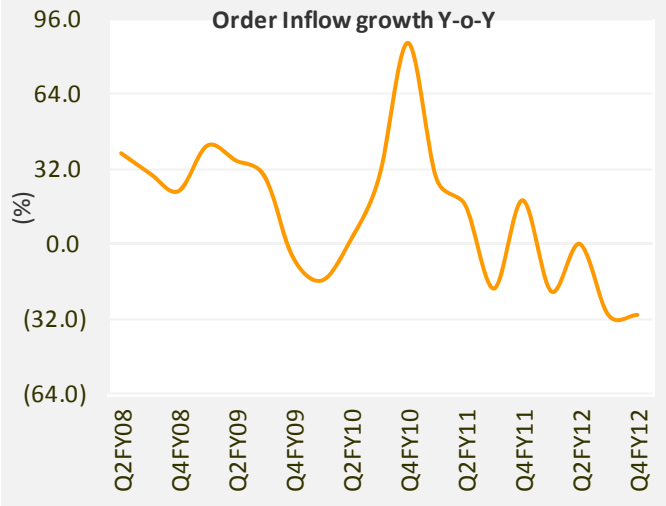
Chart 2: Restructuring increases in PSU banks



Source: Capitaline, Edelweiss research

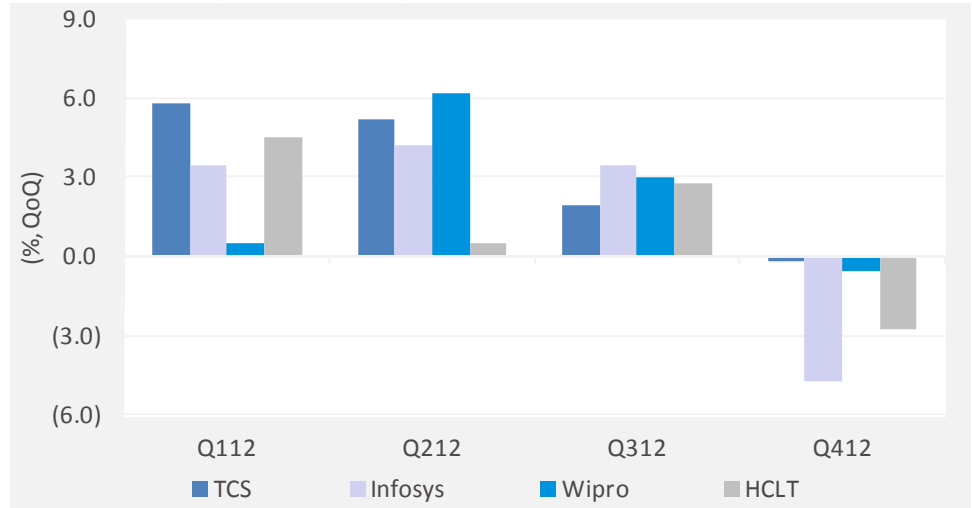
Poor order intake continues to hurt the capital goods sector. Owing to fewer project closures and limited fresh announcements in metals, power and hydrocarbons space, the order intake declined sharply (down 29% YoY) leading to grimmer revenue visibility (order book down 4% YoY).

Chart 3: Lower order intake leading to lower revenue visibility



In the technology sector, except for TCS, other large cap players reported a disappointing volume during the quarter as delays in decision making led to slower ramp ups in projects. Also, pressure was seen in the all important BFSI vertical, the largest contributor for Indian IT companies, with top four players reporting a sequential decline during the quarter.

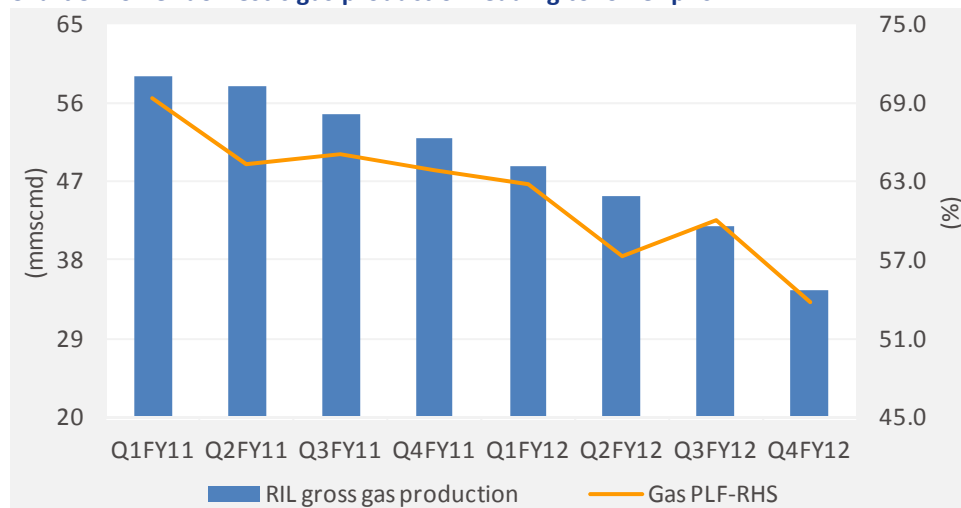
Chart 4: Revenue growth declining for the key BFSI sector



Source: Edelweiss research

In continuation of the trend observed over the last few quarters, gross gas production from KG-D6 disappointed at 34.6mmscmd in Q4FY12 (est. 35.5mmscmd), down 7.3mmscmd QoQ, the steepest quarterly fall so far. As per the latest management commentary from power/infra companies as well, this is having a cascading impact on gas power plants which are experiencing a declining PLF.

Chart 5: Lower domestic gas production leading to lower plifs



Source: Edelweiss research

For consumer goods, volume growth was healthy though there were some concerns as sales through the CSD channel was seriously impacted because of the order freeze with GSK, Emami (across all categories) and Marico (*Saffola*) the most affected. There was a slowdown in the discretionary foods space as well.

Table 2: Volume growth healthy for most consumer goods' companies

Company	Actual	V/s expectation
Asian Paints	13.0	↑
Colgate	12.0	↔
Dabur (domestic)	9.5	↑
Emami	10.0	↔
Godrej Consumer - Soap	17.0	↑
GSK Consumer	7.0	↓
Hindustan Unilever (domestic)	10.1	↑
ITC - cigs	5.0	↔
Marico Parachute	11.1	↑
Marico Saffola	3.3	↓
Nestle	~0-1	↓
United Spirits	~4-5	↓

Source: Edelweiss research

Sector-wise analysis of earnings

Earnings: Growth above estimates, driven by outsized beats in few stocks

Earnings growth YoY came in at 11.8% for our coverage universe (ex-OMCs) versus expectations of 1.0% and at 21.8% for the Sensex against the expectation of 6.4%. This positive surprise bucked the trend seen over the last few quarters of a sub-par, sub-10% earnings growth. However, what marred the show was that this beat was driven by outsized beats in few stocks only (ONGC, Tata Motors, BHEL and SBI). Our analysis suggests that if numbers for the above mentioned companies were to come in line with our expectations, earnings growth would have been a paltry 2.3% for the coverage universe (ex-OMCs) and 5.7% for the Sensex. In the Sensex universe, stocks which reported results below expectations were GAIL, Tata Steel, NTPC, Tata Power and Bharti Airtel.

Table 3: Earnings growth ahead of estimates

Sector	# of companies	PAT (INR bn)	Y-o-Y (%)		Q-o-Q (%)		Surprise (%)
			Q4FY12	Estimate	Q4FY12	Estimate	
Agro related	5	4.9	6.5	(16.8)	290.5	205.2	28.0
Auto	8	95.2	76.0	17.0	54.8	2.9	50.4
BFSI	24	191.3	58.8	45.0	19.3	8.9	9.5
Cement	6	23.2	(6.5)	0.8	6.8	15.2	(7.2)
Construction	11	6.8	(20.3)	(26.7)	81.2	66.6	8.8
Consumer goods	11	35.9	23.8	17.7	(2.4)	(7.2)	5.1
Energy	14	382.5	67.3	43.4	50.7	29.1	16.7
Engg & Cap Goods	18	65.2	9.7	(1.7)	96.5	76.0	11.7
Fertiliser	3	2.0	32.3	54.6	(28.0)	(15.8)	(14.5)
Hospitality	4	1.0	(47.4)	(32.9)	6.0	35.4	(21.7)
IT	9	77.4	21.2	15.5	1.1	(3.7)	5.0
Media	6	3.1	(21.3)	(40.3)	5.3	(20.2)	31.9
Metals & Mining	11	86.7	(25.7)	(34.9)	40.2	22.7	14.2
Miscellaneous	9	2.7	(46.9)	(88.7)	(5.9)	(80.0)	NM
Pharmaceuticals	9	29.6	53.4	38.1	3.9	(6.5)	11.1
Real Estate	6	7.8	(7.6)	(15.0)	(5.6)	(13.1)	8.7
Retail	3	1.6	10.8	11.8	(15.7)	(15.0)	(0.9)
Telecom	4	16.4	(14.9)	(13.0)	11.3	13.7	(2.1)
Utilities	14	46.1	(28.0)	(12.6)	(3.6)	17.0	(17.6)
Coverage	175	1,079.7	29.3	14.7	31.4	16.6	12.7
ex OMCs	172	867.0	11.8	1.0	17.4	6.1	10.7
Sensex	30	547.8	21.8	6.4	17.8	2.9	14.5

Source: Edelweiss research

Revenues: Signs of demand moderation emerging

Despite the general spectre of a slowdown, one of the recurring themes from the past few earnings seasons has been a healthy revenue growth (excess of 20% YoY). However, Q4FY12 results point to some moderation in demand with a sub-20% topline growth. In fact, for our coverage universe, this was the slowest ever topline growth since Q3FY10. Revenues in Q4FY12 grew by 18.8% for our coverage universe (ex-OMCs) and 19.4% for the Sensex (expectation at 16.3%). Just as the earnings growth, the beat on the topline was driven by very few stocks (RIL, ONGC, Coal India, Sterlite and Tata Motors). This was the case in Q3FY12 as well when the essential thrust came from a handful of companies. Stocks where the revenues surprised on the downside include BHEL and GAIL.

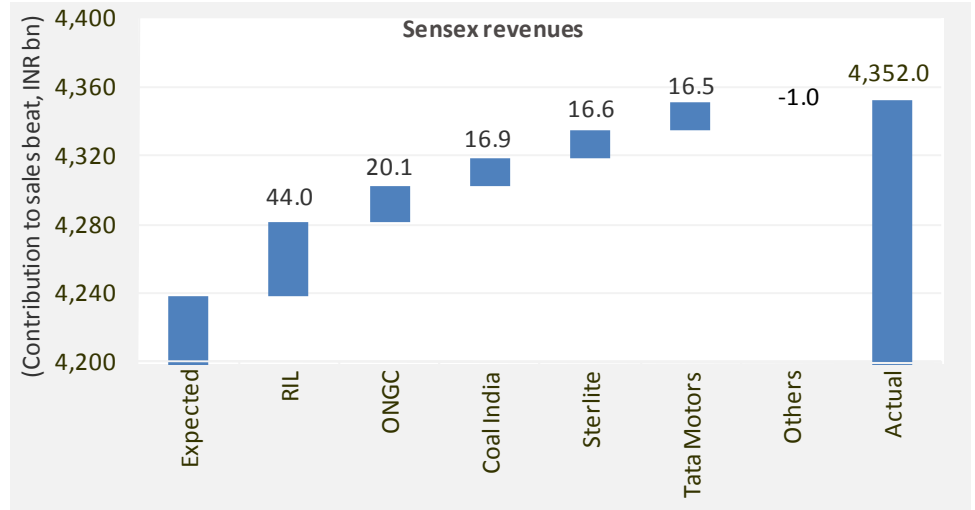
Table 4: Revenue growth exhibiting signs of moderation

Sector	# of companies	Revenue (INR bn)	Y-o-Y (%)		Q-o-Q (%)		Surprise (%)
			Q4FY12	Estimate	Q4FY12	Estimate	
Agro related	5	88.6	25.8	29.9	10.9	14.5	(3.2)
Auto	8	901.4	31.9	27.7	15.3	11.6	3.3
BFSI	24	593.4	22.1	16.8	13.8	9.0	4.5
Cement	6	208.3	17.2	15.5	14.9	13.2	1.5
Construction	11	163.5	4.4	5.2	28.5	29.5	(0.8)
Consumer goods	11	246.3	18.7	16.2	1.6	(0.6)	2.2
Energy	14	4,191.0	27.5	23.5	8.1	4.8	3.2
Engg & Cap Goods	18	596.8	10.8	16.6	40.6	48.0	(5.0)
Fertiliser	3	53.2	119.3	96.7	7.5	(3.6)	11.5
Hospitality	4	12.8	22.4	28.2	3.4	8.3	(4.5)
IT	9	395.6	24.0	25.3	(1.3)	(0.3)	(1.0)
Media	6	23.8	9.1	(2.0)	5.5	(5.3)	11.3
Metals & Mining	11	932.1	9.2	5.3	11.6	7.6	3.8
Miscellaneous	9	95.6	12.9	12.3	9.4	8.7	0.6
Pharmaceuticals	9	168.8	34.6	30.0	1.4	(2.1)	3.5
Real Estate	6	44.1	3.9	(11.1)	24.3	6.3	16.9
Retail	3	60.8	16.8	16.9	(0.4)	(0.3)	(0.1)
Telecom	4	300.7	3.5	4.9	2.8	4.1	(1.3)
Utilities	14	538.9	24.5	13.7	12.6	2.8	9.5
Coverage	175	9,615.9	22.2	19.1	10.8	8.0	2.7
ex OMCs	172	7,160.6	18.8	15.7	11.0	8.1	2.7
Sensex	30	4,350.2	19.4	16.3	9.7	6.9	2.6

Source: Edelweiss research

Note: Revenues for BFSI = Net Interest Income + Other Income

Chart 6: Revenue beat driven entirely by few stocks

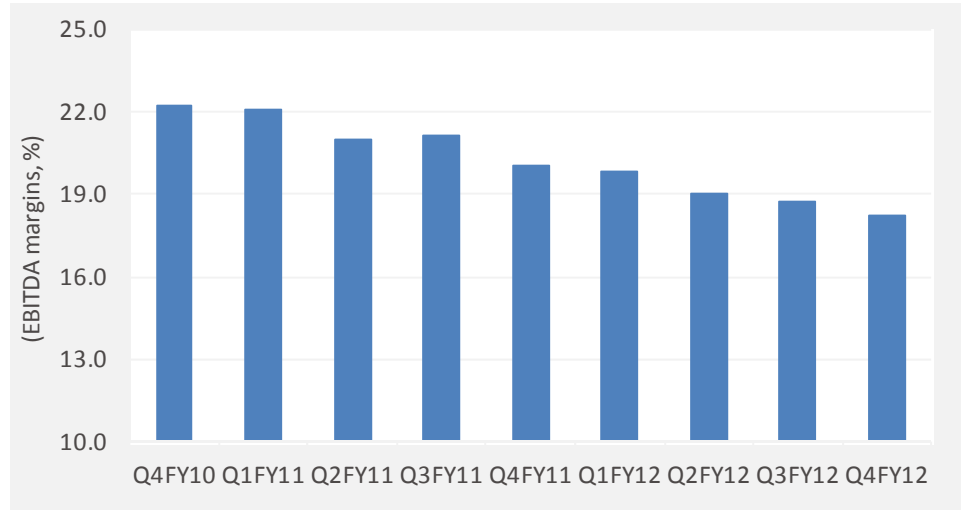


Source: Bloomberg

EBITDA margins on a downtrend

Overall, EBITDA margins came in at 18.1% for the coverage universe (ex-OMCs) and 18.4% for the Sensex as against the expectation of 18.6% and 18.3% respectively. The YoY margin contraction was seen across most major sectors except for pharma, energy and consumer goods sectors. The general downtrend (~220bps decline YoY for the Sensex and 293bps for the coverage universe) continues to reflect an environment of lower pricing power.

Chart 7: EBITDA margins on a downtrend



Source: Edelweiss research

Table 5: EBITDA margins contract across sectors

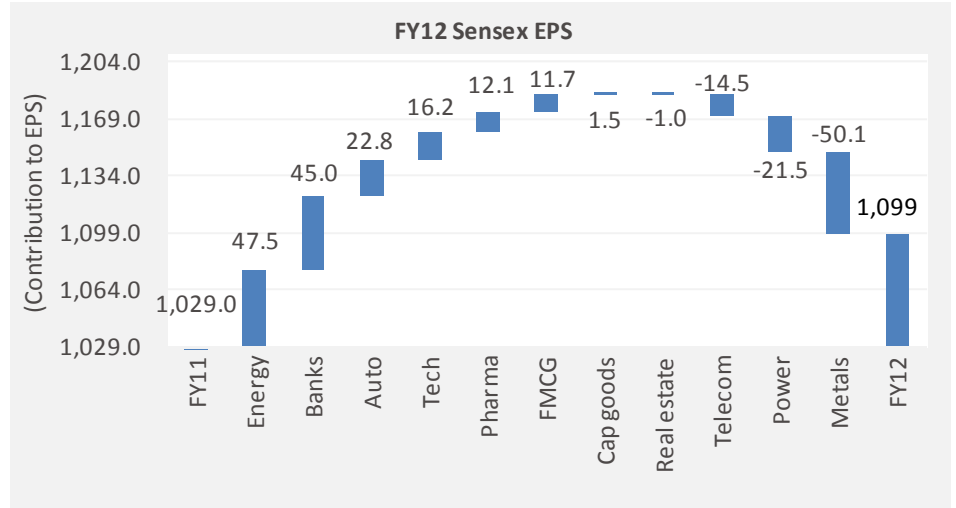
Sector	# of companies	Margin (%)	bps Y-o-Y		bps Q-o-Q		Surprise (bps)
			Q4FY12	Estimate	Q4FY12	Estimate	
Agro related	5	14.1	(180)	(151)	11	40	(29)
Auto	8	13.0	(52)	(41)	(132)	(121)	(10)
Cement	6	23.7	(118)	(118)	231	231	0
Construction	11	15.7	8	(15)	(76)	(98)	23
Consumer goods	11	20.5	41	27	(129)	(143)	14
Energy	14	12.5	59	(30)	28	(60)	89
Engg & Cap Goods	18	16.2	(34)	(189)	450	295	155
Fertiliser	3	9.1	(237)	(17)	(177)	44	(220)
Hospitality	4	21.1	(1,338)	(1,001)	47	384	(337)
IT	9	25.8	15	(22)	(67)	(103)	36
Media	6	30.5	(549)	(203)	(534)	(188)	(346)
Metals & Mining	11	17.2	(534)	(513)	125	146	(21)
Miscellaneous	9	10.4	(367)	(377)	136	125	11
Pharmaceuticals	9	24.2	461	455	(162)	(169)	6
Real Estate	6	34.8	442	1,324	(865)	17	(882)
Retail	3	8.2	99	22	(7)	(84)	77
Telecom	4	31.2	(622)	(621)	15	16	(1)
Utilities	14	22.7	(373)	(135)	142	380	(238)
Coverage	151	16.0	(111)	(142)	29	(2)	31
ex OMCs	148	18.1	(292)	(275)	(35)	(18)	(17)
Sensex	26	18.4	(223)	(239)	(34)	(50)	16

Source: Edelweiss research

Earning downgrades resume

We are ending FY12 at INR1,098 EPS for the Sensex – a paltry 7% YoY growth. To set a perspective, at the beginning of FY12, we had estimated Sensex EPS to come in at INR1,282, which implies a 15% cut to the earnings estimates over the year. Sectors which have driven the earnings uptick between FY11 and FY12 include energy, banks and autos while sectors which have set back the earnings growth include metals, telecom and power.

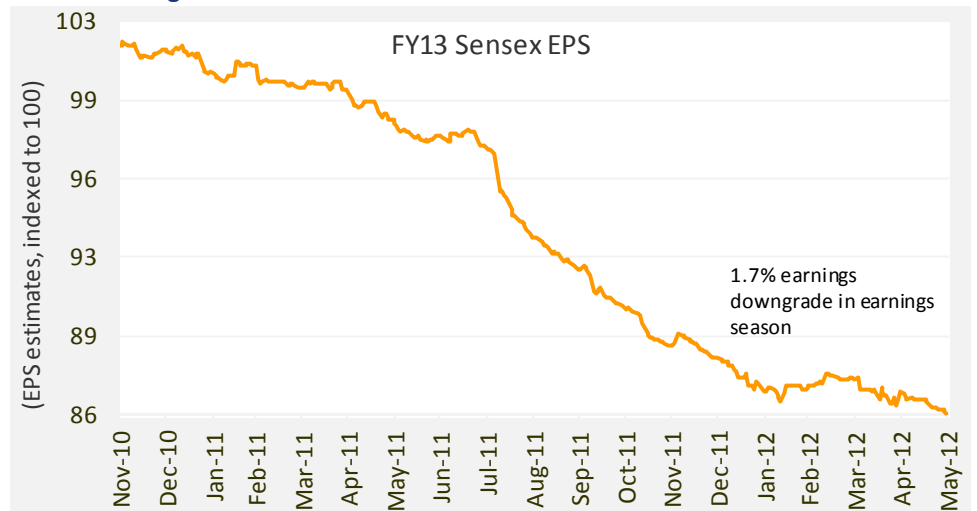
Chart 8: FY12 EPS growth driven by energy and banks



Source: Bloomberg

Worryingly, the downgrade cycle seems to have been revived with the FY13 EPS estimates coming in lower by 1.7% since the beginning of the earnings season. For FY13E, the consensus Sensex EPS stands at INR1,280 (Edelweiss: INR1,276), implying a 16% YoY growth. However, in the background of worsening macros, there are clear downside risks to this growth. Stocks which have been downgraded during the earnings season include Bharti Airtel, Tata Steel and Tata Power while upgrades are Maruti Suzuki, IICI Bank and Hindustan Unilever.

Chart 9: Downgrades to FY13 estimates resume



Source: Bloomberg

Table 6: Significant upgrades post results

Company	EPS change, %
Maruti Suzuki	5.4
ICICI Bank	3.5
Hindustan Unilever	2.0
TCS	1.8
HDFC Bank	1.2

Table 7: Significant downgrades post results

Company	EPS change, %
Bharti Airtel	(9.0)
Tata Steel	(8.7)
Tata Power	(7.8)
Reliance Industries	(5.4)
Hindalco	(4.2)

Source: Consensus data from Bloomberg

Recommendation changes post Q4FY12 results

We have upgraded six stocks and downgraded three stocks during the Q4FY12 results season. Details of recommendation changes have been summarised in the table below:

Table 8: Upgrades and downgrades

Stocks	Recommendation	
	Post-result	Pre-result
Upgrades		
Infosys	Buy	Hold
DLF	Buy	Hold
IDFC	Buy	Hold
ING Vysya Bank	Buy	Hold
Mahindra Finance	Buy	Hold
GSPL	Hold	Reduce
Downgrades		
TCS	Hold	Buy
IVRCL Infra	Hold	Buy
Hero Motocorp	Reduce	Hold

Source: Edelweiss research

Sector highlights during the quarter

Summary of sector highlights during the quarter; top picks and stocks to avoid

Auto	
<p>Positive highlights</p> <p>Companies facing sales slowdown undertook cost rationalisation measures, results of which were visible in Q4FY12. Worth mentioning are M&M and AL. This trend is likely to continue in FY13 as well.</p> <p>Top pick: M&M, Ashok Leyland</p>	<p>Negative highlights/concerns/risks</p> <p>Weak INR kept RM costs at higher levels which impacted margins, a trend likely to accentuate in Q1FY13.</p> <p>High interest rate, slowing economy poses risks to volume growth in FY13.</p> <p>Stocks to avoid: Hero Motocorp</p>
Banking & Financial Services	
<p>Positive highlights</p> <p>Private sector banks coupled with NBFCs were able to report strong earnings growth led by stable margins and benign asset quality</p> <p>Top picks: Axis Bank, ICICI Bank</p>	<p>Negative highlights/concerns/risks</p> <p>Asset quality risk once again came to the fore for the PSU Banks. NIMs also witnessed pressure led by interest de-recognition on certain restructured assets</p> <p>Stocks to avoid: PNB</p>
Cement	
<p>Positive highlights</p> <p>Cost remained under control due to high usage of low cost pet coke and benefits of higher operating leverage in Q4.</p> <p>Top picks: Grasim, Shree Cement</p>	<p>Negative highlights/concerns/risks</p> <p>Realisation for companies were below expectation. Despite a high exit rate, Q1FY13 results may be impacted due to gradual decline in cement prices and full impact of increase in rail</p> <p>Stocks to avoid: ACC, Ambuja Cement</p>
Construction	
<p>Positive highlights</p> <p>Working capital remains flat</p> <p>Top picks: ITNL & Sadbhav</p>	<p>Negative highlights/concerns/risks</p> <p>Execution remains weak</p> <p>Margins remained under pressure</p> <p>Stocks to avoid:</p>
Consumer Goods	
<p>Positive highlights</p> <p>1) Consumer companies continue to surprise positively in terms of volume growth despite several price hikes.</p> <p>2) No signs of down-trading so far against the historic trend of the same in high inflationary environment.</p> <p>3) Ad spend under control</p> <p>Top picks: Dabur, GCPL, Emami, HUL and ITC</p>	<p>Negative highlights/concerns/risks</p> <p>1) CSD sales take a hit</p> <p>2) Discretionary food categories facing slowdown</p> <p>3) Severe RM inflation impact margins</p> <p>Stocks to avoid:</p>
Energy	
<p>Positive highlights</p> <p>1) Higher sharing of under-recoveries by the GoI</p> <p>2) Better GRM's due to high fuel oil spreads and higher inventory gains.</p> <p>Top Picks: PLNG, BPCL, ONGC</p>	<p>Negative highlights/concerns/risks</p> <p>1) Declining transmission volumes of gas transporters</p> <p>2) Huge under recoveries on regulated petroleum products</p> <p>Stocks to avoid: Aban Offshore, GSPL</p>

Engineering & Capital Goods

Positive highlights

1) Revenue growth was better than expected across the sector

Negative highlights/concerns/risks

1) Very high working requirement might pressurise bottomline
2) Weak order intake

Top picks: Crompton Greaves, L&T, Havells India

Stocks to avoid: BHEL, ABB

Fertiliser

Positive highlights

1) For non-urea companies, strong revenue and profitability growth seen in Q4FY12 owing to sales volume surge due to aggressive sale to distributors; 2) Lower raw material prices to help companies counter INR depreciation and lower government subsidy

Negative highlights/concerns/risks

1) Weak sales volume expected in Q1FY13, owing to high inventory with distributors; 2) Steep depreciation of INR might pressurise margins

Top picks: Coromandel International

Stocks to avoid:

Hotels/Airlines

Positive highlights

Yields have held on well. Air traffic growth remains muted.

SSS growth in Jubilant continues to surprise positively

Negative highlights/concerns/risks

High oil prices result in continued losses being reported by airlines

ARRs and ORs remain weak

Top picks:

Stocks to avoid: Jet Airways

IT

Positive highlights

TCS surprised the street with higher than expected USD revenue growth (2.4%) and positive commentary on demand environment and deal wins.

Similarly, HCL reported good set of numbers and earnings (USD revenue growth at 2.5%) with almost USD1.5bn new deal wins.

Negative highlights/concerns/risks

BFSI vertical saw a QoQ decline for the Top 4 players.

Cognizant reduced its CY12 revenue guidance to 20% YoY growth from its earlier guidance of 23%.

Top picks: Infosys, Hexaware, Infotech

Stocks to avoid:

Media

Positive highlights

(1) Stabilization of newsprint prices with only a slight possibility of fall in prices. (2) Subscription revenue growth has driven total revenues.

Negative highlights/concerns/risks

(1) Ad slowdown continues and unlikely to improve substantially till end of H1FY13 (given ad growths of Zee, Sun TV and Jagran).
(2) DTH slowdown continues, but can pick up near digitization deadline.

Top Picks: Zee Entertainment, Hathway Cables & Datacom, Dish TV

Stocks to avoid:

Metals & Mining

Positive highlights

Most companies reported in-line or above estimate results. Steel volumes booted by seasonal pick-up. Positive surprise in Hindalco, NALCO, Bhushan Steel, Sesa Goa

Negative highlights/concerns/risks

Cost pressure remained elevated in most companies, the most common cause for negative surprise. Victims were Coal India, SAIL and Usha Martin

Top Picks: Tata Steel, Coal India

Stocks to avoid: NALCO

Pharma and Healthcare

Positive highlights

Strong revenue growth across key markets primarily in US and India. Recovery in the domestic market is in line with expectations. Positive surprise in Sun Pharma, Cadila and Glenmark on revenue front

Negative highlights/concerns/risks

Pressure on gross margins across the sector; Higher depreciation cost, tax provision and lower operating margins impacted profitability of the sector. One-offs have also impacted profitability of the sector

Top picks: Lupin, Glenmark and Torrent Pharma

Stocks to avoid: Ranbaxy

Real Estate

Positive highlights

Approvals for projects have picked up, while offtake continues to be strong for most markets, except Mumbai and Ahmedabad

Negative highlights/concerns/risks

Margin pressures continue for the quarter driven by steep rises in input costs

Overall debt levels continue to be high

Top picks: DLF, Jaypee Infratech

Stocks to avoid: Godrej Properties

Retail

Positive highlights

Departmental stores for Shoppers's Stop saw LTL sales growth 10% YoY while Titan saw a good volume growth of 14% YoY in watches segment. Share of studded jewellery in Q4FY12 stood at 32%

Negative highlights/concerns/risks

Weak consumer spending and economic slowdown led to a low SSS growth for retail companies and also led to jewellery volume decline by 7% for Titan.

Top picks: Titan, Shopper's Stop

Stocks to avoid:

Telecom

Positive highlights

The industry reported good volume growth and ARPU increase for a second consecutive quarter indicating market is still in expansion mode.

Negative highlights/concerns/risks

RPM declined by about 2% QoQ after rising for 2 quarters suggesting that discounts are still prevalent in the market.

Top picks: Bharti Airtel

Stocks to avoid:

Utilities

Positive highlights

Domestic coal supply (from CIL) improved during the quarter which supported coal PLFs. Commissioning and execution activities stepped up during the quarter (XI plan and year end phenomenon). Towards the end of the year host of SEBs have announced tariff hikes which should help improve SEB finance going forward.

Negative highlights/concerns/risks

Gas supply to the power sector continues to disappoint leading to lower PLFs/generation. Elevated dollar kept imported coal dearer albeit some correction in prices. Further merchant prices remained moderate. Moderation in cargo growth at the ports/airports evident on account of global slowdown/slowdown in trade.

Top picks: Power Grid

Stocks to avoid: Adani Power

Stock highlights during the quarter

Summarised are the result summary for stocks under our coverage

Agro

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
EID Parry	Revenues	35,969	36,019	19,191	29,918	Strong performance in sugar segment. On account of robust volumes of sugar and higher sugar realization, margin has been better than expected. EID and its subsidiaries crushed 2.69mn MT cane in Q4FY12 vis-à-vis 2.26mn MT in Q4FY11 and 1.4mn MT in Q3FY12.
	EBITDA	3,224	2,687	1,940	2,216	
	PAT	1,409	787	901	216	
Jain Irrigation	Revenues	12,369	13,164	12,362	8,330	NBFC licence still awaited and receivables rationalization, though underway, has been slow. MIS gross receivable days at 340, though better than 369 days at FY11 end, are considerably higher than the targeted 310. Decline of 5% YoY in MIS due to change in the business model and substantially lower business in few southern states so as to focus more on rationalizing WC than on growth.
	EBITDA	2,497	2,830	2,634	1,864	
	PAT	916	1,244	1,147	582	
PI Industries	Revenues	2,353	2,281	2,125	1,901	As expected, agri-input segment's performance was subdued with YoY revenue decline owing to weak Rabi monsoon and lowered Rabi acreage. However, strong performance in custom synthesis made up for the decline in agri-input business, resulting in 10.7% revenue growth and 11% PAT growth in Q4FY12 YoY.
	EBITDA	373	399	369	299	
	PAT	206	215	185	160	
Shree Renuka Sugars	Revenues	16,610	22,090	18,403	20,458	Continued to post poor operational numbers with revenue and EBITDA below estimates. However, adjusted PAT was higher owing to lower amortization charges and tax benefit accrued on Brazilian losses. High debt level in Brazilian subsidiaries and concerns on operational improvement in RdB could be overhang for some more time. Management guides for 9mn MT cane crushing in Brazilian subsidiaries in FY13 vis-à-vis 8.3mn MT in FY12.
	EBITDA	2,534	3,943	2,785	3,323	
	PAT	280	57	84	(854)	
United Phosphorus	Revenues	21,269	17,905	18,347	19,288	Better-than-estimated revenues owing to strong performance in North America, Europe and Brazil, despite lackluster performance in India. Despite below expected margin, higher revenue and lower tax resulted in above estimated adjusted PAT. For FY13, guidance of 15% revenue growth and EBITDA margin in the range of 18-20% on consolidated basis.
	EBITDA	3,867	3,312	3,479	3,484	
	PAT	2,097	1,531	2,291	1,154	

Automobiles



“On the operational front, auto sector posted mixed results. The primary disappointment was in Tata Motors wherein there was margin pressure in JLR. The culprit was largely sales related ramp up cost and currency fluctuation. Some companies such as M&M and Ashok Leyland initiated some cost rationalization which helped them offset demand slowdown. “

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Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Ashok Leyland	Revenues	43,110	44,527	38,285	28,798	PAT was below our estimates due to lower realisation, high interest and depreciation costs. EBITDA margins were ahead of our expectations. The company benefitted from demand revival in South India.
	EBITDA	4,899	5,502	5,099	2,247	
	PAT	2,771	3,328	2,982	813	
Bajaj Auto	Revenues	46,514	47,653	42,000	50,632	Q4FY12 PAT at INR7.5bn was in line with our estimate, though marginally lower than consensus' estimate. Owing to reclassification of other operating income, EBITDA margin dropped 90bps to 19.8% vs 21% in Q3FY12.
	EBITDA	9,206	9,548	8,615	10,614	
	PAT	7,517	7,374	6,758	8,340	
Escorts	Revenues	18,283	16,681	14,930	16,896	Consol PAT was 20% ahead of our estimates. EBITDA margin of 2wh business expanded due to strong demand and price hikes. Truck business was, however, hit by sales related expenses. Despite tough environment, it benefited from strong demand for LCV and ICV, while gained market share in HCV.
	EBITDA	1,802	2,030	1,624	1,538	
	PAT	1,096	1,516	733	854	
Exide	Revenues	16,062	12,996	12,261	12,496	PAT was above our and Street expectations due to higher sales (driven by industrial segment and 2wh) and higher margins (led by industrial segment).
	EBITDA	2,130	1,854	2,119	1,649	
	PAT	1,425	1,274	1,637	1,043	
Hero Motocorp	Revenues	59,625	59,482	53,509	59,836	PAT was in line with our expectations (though below consensus est). EBITDA margins contracted 30bps QoQ due to higher input cost driven by weak INR which negated the cost benefit accrued from marketing spend rationalization. Dividend at INR45/share was also lower than expectation.
	EBITDA	9,253	9,434	8,300	9,430	
	PAT	6,036	6,078	5,017	6,130	
Mahindra & Mahindra	Revenues	93,872	80,339	67,781	83,868	Nos are not strictly comparable due to one-time impact of MADPL merger due to which revenue is inflated by INR7.4bn though almost nil impact on EBITDA. On like-to-like basic, results were operationally good.
	EBITDA	9,694	9,248	8,618	10,208	
	PAT	7,662	6,342	6,065	6,622	
Maruti Suzuki India	Revenues	114,864	117,832	98,637	76,636	PAT was 30% ahead of our and 15% ahead of consensus driven by higher EBITDA margins (aided by favorable product mix and operating leverage despite rise in discounts and adverse forex movement) and other income.
	EBITDA	8,585	8,347	9,957	4,172	
	PAT	6,398	4,896	6,459	2,056	
Tata Motors (Consol)	Revenues	509,079	493,012	356,105	452,603	PAT adj. for minority was marginally higher than our estimate. JLR margin disappointed on higher staff cost, weaker product mix and higher other expenses. EBITDA margin for standalone business recovered on higher car sales.
	EBITDA	71,791	68,541	48,205	72,227	
	PAT	62,340	32,508	24,455	35,661	

BFSI



“Asset quality risk once again came to the fore for the PSU Banks. NIMs also witnessed pressure led by interest de-recognition on certain restructured assets. Private banks though were able to report strong earnings growth led by stable margins and benign asset quality “

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Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Allahabad Bank	Revenues	16,435	19,248	16,208	17,289	The bank disappointed on core operating performance. There have been negative surprises on: (1) NIMs, down 50bps QoQ to 3.23%; (2) slippages at 3.8% vis-à-vis 1.8% for 9mFY12; and (3) another INR25bn got restructured in Q4FY12. Lower tax rate at 10%, investment depreciation write-back and treasury profits aided PAT.
	PAT	4,002	4,033	2,576	5,604	
Axis Bank	Revenues	37,337	37,764	31,514	35,701	Commendable asset quality offset anticipated decline in NIMs and higher opex (due to aggressive branch ramp up/employee addition). Slippages were contained at 1.2%, with recoveries /upgradations higher at INR5.9bn/ INR5.9bn addition to restructured pool led to lower-than-expected credit cost.
	PAT	12,773	12,251	10,201	11,023	
Bank of Baroda	Revenues	36,952	36,626	34,484	38,048	While PAT seemed higher, it was actually buoyed by tax write-back of INR3.2bn. Operating performance was below expectation, with incremental slippages touching 2% mark (1.2% in 9mFY12), restructuring to 6% of advances and higher opex (51% QoQ- additional cost of INR3bn to provide for higher pension cost).
	PAT	15,182	12,095	12,944	13,029	
Federal Bank	Revenues	6,518	6,817	5,888	6,660	Positive divergence came from lower provisions aided by provision reversal on upgrade/recoveries of NPLs. Slippages came in at 3.3% (3.9% in Q3FY12) which were more than offset by recoveries/upgrades leading to improvement in GNPL/NNPL to 3.35%/0.53%. Fresh restructuring of INR9.2bn, largely Air India and SEBs.
	PAT	2,376	2,043	1,717	2,019	
HDFC	Revenues	18,730	16,927	15,213	13,721	The beat primarily came at core NII level as NIMs (calc) expanded >100bps to 4.45%. It booked INR790mn of investment gains (INR350mn on sale of partial stake in one hotel property) compared to INR1.3bn in Q4FY11. Even after sell downs of INR17.25bn to HDFC Bank, loan growth was steady at 20%.
	PAT	13,261	12,213	11,420	9,812	
HDFC Bank	Revenues	48,803	45,666	40,952	45,360	Key highlights: (1) Robust NII growth of 19.3% on back of superior NIMs; (2) steady fee income growth at 25.4%; (3) flat loan book, a function of rundown in the corporate portfolio (retail loans up 7% QoQ); (4) LLP at lows of 25bps; and (5) opex up 23.5%, largely a function of branch expansion (opened 343 branches).
	PAT	14,531	14,137	11,147	14,297	
ICICI Bank	Revenues	53,332	49,780	41,504	46,039	Substantial improvement in NII as NIMs expanded 30bps QoQ to 3%. Interest income benefitted from: (1) higher yields on advances and investments; (2) absence of securitization losses; and (3) 12bps NIM expansion in overseas portfolio to 1.5%. Asset quality came in robust with credit costs contained within 70bps.
	PAT	19,018	17,863	14,521	17,281	

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
IDFC	Revenues	6,960	6,951	6,390	6,590	Lower fee income (especially IB) and higher employee expenses coupled with higher tax rate offset the impressive NII performance. Disbursement once again surprised positively as it capitalized on refinancing opportunities in the road/telecom space (loan growth of 28%). Asset quality continued to be benign with GNPL of 0.3%.
	PAT	3,338	3,745	2,898	3,830	
Indian Overseas Bank	Revenues	18,442	16,688	15,997	16,326	Lending support to the bottom line were: (1) RBI allowing the bank to provide for countercyclical provisions by March 2013, thereby lowering NPA provisions by INR2bn; (2) lower tax rate of mere 14%. Slippages continued to be high and breached the 3% mark coupled with surge in restructuring to 9% of advances.
	PAT	5,288	2,507	4,343	1,083	
ING Vysya Bank	Revenues	5,160	5,311	4,389	4,935	Q4FY12 saw core income supported by lower tax expense (availment of Section 36(1)(VIII) deductions). Key highlight of the quarter was cyclical blip in margins offset by structural improvement in asset quality. Impressive asset quality performance continued.
	PAT	1,274	1,187	913	1,195	
Kotak Mahindra Bank	Revenues	22,414	14,401	14,654	14,270	PAT (excluding life insurance) was ahead of our estimate. The beat was in banking and securities business where profitability surpassed expectation. INR570mn life insurance PAT was in line.
	PAT	4,873	4,392	4,527	4,318	
LIC Housing Finance	Revenues	4,318	4,396	5,186	3,796	Individual disbursement was back on track, up 21% YoY (after adjusting for INR12bn buyout in Q4FY11). NIMs improved 17bps to 2.44% after slipping 118bps in the first three quarters of FY12. Corporate loan book build up continued to be slow (now merely 5% of the loan book).
	PAT	2,536	2,319	3,148	3,057	
M&M Financial Services	Revenues	5,161	4,328	4,067	4,316	Q4 surprised positively on back of robust asset quality, improving NIMs (benefit of 50bps rate hike in Jan 2012) and controlled opex. While significant improvement in GNPA is regular Q4 trait, the decline to 3% is commendable. Given diversification in product and geography mix, we believe asset quality improvement is structural and here to stay.
	PAT	2,277	1,800	1,566	1,548	
Manappuram General Finance	Revenues	4,492	4,180	2,926	4,367	PAT came ahead of our expectation driven by: 91) NIM (calc) expansion of ~100bps QoQ to 16% even while cost of borrowing increased 130bps as disbursements were channelled towards high yielding products; (2) opex decline of 13% QoQ, bringing down Opex/Assets to 5.4% (6.3% in Q3FY12); and (3) almost nil credit costs.
	PAT	1,870	1,310	1,018	1,614	
Oriental Bank	Revenues	14,119	15,157	13,132	14,351	Slippages came in much higher at 4.8% (INR13.2bn) and loans worth INR34bn were restructured in Q4FY12 (as expected). This, coupled with write-offs of INR5.4bn, resulted in 180bps credit cost. NIMs came off 22bps QoQ to 2.68% due to interest income reversal and higher cost.
	PAT	2,649	3,547	3,337	3,542	
Power Finance Corp	Revenues	12,822	11,083	8,328	11,099	We like the core operating metrics performance in Q4FY12—disbursement growth of 50% QoQ at INR159bn, taking the loan book to INR1.3tn, short-term loans (based on several conditionalities) constituted 27% of disbursements. As anticipated, INR7bn funded and INR350mn non-funded exposure to Shree Maheshwar project was classified as NPL.
	PAT	8,046	7,964	5,941	7,748	

Quarterly Review

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Punjab National Bank	Revenues	45,859	47,930	41,744	44,907	Q4FY12 was characterized by weak asset quality with slippages coming in at a high 4.3%, a sizeable increase from ~2% for 9mFY12. Net restructured book is at 8.5% post accretion in Q4FY12 from chunky SEB and aviation accounts. PAT was still higher than estimate due to reduced employment benefit provisions and tax adjustments.
	PAT	14,241	12,897	12,009	11,500	
Reliance Capital	Revenues	14,374	16,950	11,357	9,976	PAT was driven by 1) part consolidation (38% stake) of overall life insurance profit of INR3.7bn, 2) investment profit of INR4.5bn from stake sale in life insurance to Nippon Life and 3) consolidation of Quant Capital in Reliance Securities, partially offset by INR2.5bn loss in general insurance.
	PAT	1,961	4,407	(563)	1,166	
REC	Revenues	10,948	10,827	10,021	11,407	The operating parameters were broadly in line, but we wish to highlight the rescheduling of loans worth INR110bn in Q4FY12—primarily state owned generation companies and one private power project of INR3.75bn. Provision on restructuring was minuscule at INR32mn. GNPA/NNPA, however, showed no additions.
	PAT	7,627	7,357	7,003	7,694	
SBI	Revenues	169,678	158,452	128,735	135,918	Key highlight is clearly the stellar performance seen on reduction in slippages to 2% after a ~4% run for 9MFY12. Fresh restructuring of INR 51bn was also in check. Other operating metrics too held up in good stead with: (1) NII only marginally below expectations to 3.9%; and (2) other income supported by INR5.15bn of dividend from associate banks.
	PAT	41,502	36,558	209	32,631	
Shriram City Union Finance	Revenues	3,447	2,872	2,171	2,728	Primary driver of the outperformance was NII given steady yields on SME and gold loans. This was further enriched by 16% AUM growth QoQ to INR134bn, of which SME loans constituted 30%. Credit costs have been maintained as GNPA's held up the good run at 1.6% with >70% coverage.
	PAT	976	896	772	835	
South Indian Bank	Revenues	3,671	3,542	2,821	3,333	While NII was in line, what beat earnings was higher non-interest income, investment depreciation write-back and low tax rate of 19%. Slippages breached the 1% mark and restructuring rose to 3.7%, largely due to SEB restructuring.
	PAT	1,220	1,068	818	1,022	
Union Bank	Revenues	26,320	25,131	23,171	23,730	Higher inflows from recoveries in written-off accounts, better fee income and lower employee expenses explain the outperformance even while NII came in line with estimate. Highlight of Q4FY12 has been slippages, which came in at 1.5% (annualized), similar to Q3FY12 after having clocked a bad H1FY12.
	PAT	7,732	5,428	5,976	1,970	
Yes Bank	Revenues	7,146	6,909	5,353	6,390	PAT was ahead of our estimate, driven once again by core operating performance. Asset quality continued to be pristine with GNPA and NNPA at 0.2% and 0.05%, respectively, and the restructured book at a mere 0.53%. Key highlight was that saving bank balances surged 108% QoQ to propel CASA to 15% (10.3% in FY11).
	PAT	2,718	2,633	2,034	2,541	

Cement



“Realisations for the quarter were below expectation but with costs too being lower, the EBITDA/t was broadly in line or slightly above expectation. Current drop in cement prices due to weak demand suggest muted earnings growth outlook going ahead. “

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Cement

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
ACC	Revenues	28,891	29,723	24,235	25,552	ACC's realisation for Q1CY12 remained muted, rising just 1.2% QoQ vs our expectation of 3.5%. EBITDA/t at INR917 was, however, marginally below our estimate of INR929 owing to lower costs. PAT was impacted due to INR3.4bn of exceptional item related to change in depreciation policy for CPP's.
	EBITDA	6,449	6,778	5,796	4,418	
	PAT	1,554	4,147	3,507	4,704	
Ambuja Cements	Revenues	26,609	26,871	22,225	23,577	Ambuja Cement's EBITDA/t, at INR1,204, was higher than our expectation of INR1,088 due to lower cost (mainly staff and other expenses), although realisations were broadly in line. PAT was impacted due to INR2.7bn of exceptional item related to change in depreciation policy for CPP's.
	EBITDA	7,721	7,014	6,270	4,496	
	PAT	3,122	4,337	4,075	3,024	
Grasim Industries	Revenues	72,892	67,770	65,020	63,641	Grasim's standalone EBITDA at INR2.41bn was below our expectation of INR2.86bn led by higher-than-expected decline in VSF realisations and high cost. However, with the cement subsidiary, UltraTech, reporting above expectation performance, the consolidated EBITDA at INR16.1bn was above our estimate of INR15.1bn.
	EBITDA	16,095	15,184	16,497	14,130	
	PAT	8,088	6,973	8,788	6,691	
India Cements	Revenues	11,185	11,218	10,001	9,440	India Cement's (ICEM) Q4FY12 numbers disappointed with EBITDA/t of INR852 (our expectation INR960) due to higher-than-expected costs (staff, freight and energy) and muted realisation growth.
	EBITDA	2,176	2,461	1,810	1,970	
	PAT	649	1,104	553	563	
Shree Cement	Revenues	14,780	15,243	10,724	12,597	EBITDA was below estimates due to 4.6% QoQ drop in cement realisations and flat cost/unit for the power segment. Other income was high due to write back of earlier provisions.
	EBITDA	3,732	4,896	2,982	3,335	
	PAT	1,143	1,483	655	592	
Ultratech	Revenues	53,916	54,446	45,559	46,508	UltraTech Cement (UltraTech) reported blended EBITDA/t of INR1,127 (vs our INR1,056 expectation) on lower than-expected cost despite realisation being below expectation (up ~3% QoQ versus our estimate of 6%). The surprise element was 6.7% QoQ decline in power and fuel cost/t led by higher usage of cheaper pet coke.
	EBITDA	13,191	12,319	10,868	10,439	
	PAT	8,673	6,994	7,268	6,169	

Construction



“Construction sector performance was dismal in Q4FY12; while order intake remained strong, execution was a big challenge due to regulatory hurdles like issues in acquiring land and environmental clearance as well as delays in approvals from authorities. Due to the sluggish execution, margins were hit due to operating deleverage. Working capital cycle for most companies remained at an elevated level. This along with the high interest rates meant that high interest costs impacted the overall profitability for the sector. “

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Construction

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
BL Kashyap & Sons Ltd	Revenues	4,743	5,462	4,829	4,925	B L K reported loss of INR 114mn in Q4FY12 primarily due to lower execution and higher operating cost. EBITDA margins were significantly low at 1%
	EBITDA	51	261	296	198	
	PAT	(114)	18	139	4	
Consolidated Construction	Revenues	5,888	6,555	6,430	4,465	CCCL Q4FY12 earnings were aided by INR250mn of cost escalation/variations for prior projects, leading to significantly higher-than-expected EBITDA margin of 9.5%. As a result, PAT came in a strong INR252mn (our expectation of loss of INR12mn) despite revenue being 10% below estimate
	EBITDA	558	293	225	205	
	PAT	252	(12)	15	(32)	
HCC	Revenues	11,557	12,022	12,021	9,460	HCC continued its disappointing performance in Q4FY12 at the operating level with both revenue and EBITDA coming in below estimates. The key development for the quarter was the board's approval for debt restructuring through CDR
	EBITDA	878	1,354	1,662	1,105	
	PAT	(542)	(190)	226	(1,304)	
IRB Infrastructure	Revenues	8,480	8,595	7,670	7,455	IRB Q4FY12 PAT of INR1.2bn (up 17% YoY) was 22% ahead of our expectation. This was primarily due to higher operating margins in the EPC segment. Traffic growth remains sluggish in Surat-Dahisar and Surat-Bharuch projects (negative 2-3% Y-o-Y).
	EBITDA	3,809	3,615	3,147	3,417	
	PAT	1,203	988	1,028	1,314	
IL&FS Transportation	Revenues	19,887	14,306	16,558	12,684	ITNL Q4FY12 numbers surpassed expectations primarily due to higher-than-expected execution in under construction projects. After winning the Kiratpur-Ner Chowk project in January 2012, the company has bagged three more projects worth ~INR27bn in March 2012, thus giving the much needed boost to EPC revenue visibility for FY14
	EBITDA	4,571	3,758	4,112	3,267	
	PAT	1,773	1,469	1,592	878	
IVRCL Infra	Revenues	15,980	18,083	20,522	12,025	IVRCL continues to disappoint with 22% YoY dip in execution and 230bps dip in EBITDA margins to 6.4%; Q4FY12 earnings came in at INR49mn, down 92% YoY
	EBITDA	1,030	1,458	1,781	948	
	PAT	49	239	642	68	
Jaiprakash Associates	Revenues	40,621	46,227	39,822	33,054	Another weak quarter with declining EBITDA/t for its core cement business and E&C continuing to support overall profitability. We estimate adjusted net debt to have increased further by INR22.4bn for the standalone entity, which remains a key concern. We believe debt reduction is the key to stock performance.
	EBITDA	10,194	9,864	8,506	8,160	
	PAT	2,789	2,322	3,020	2,034	
Nagarjuna Construction	Revenues	17,547	14,735	14,504	12,640	NCC Q4FY12 revenue came in at a strong INR17.5bn (up 21% YoY), 19% ahead of our estimate. However, EBITDA margin, at a historic low of 5.8% (down 320bps YoY), dented overall performance. The company's working capital cycle improved, which led to reduction in overall debt.
	EBITDA	1,020	1,206	1,309	777	
	PAT	108	187	357	(95)	

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Ramky Infra	Revenues	11,799	11,354	10,113	7,298	Ramky Q4FY12 revenue, at INR11.8bn (up 17% YoY), was marginally ahead of estimate. However, the big disappointment was on EBITDA margin, which plummeted 170bps to 9.5%. While the company has a strong order book of INR137bn, tough macro-economic environment means that concerns on execution and margin performance persist
	EBITDA	1,121	1,192	1,129	762	
	PAT	540	477	625	300	
Sadbhav Engg	Revenues	9,046	10,950	10,467	7,237	Sadbhav Q4FY12 results were significantly below our estimates primarily due to lower than expected execution. Revenues at INR 9bn (down 14% Y-o-Y) were below our estimates of INR 10.9bn, while EBITDA margins remained strong at 9.5%, up 80bps YoY
	EBITDA	860	1,071	908	752	
	PAT	469	619	539	417	
Simplex Infra	Revenues	17,956	16,464	13,674	15,964	Simplex Q4FY12 adjusted standalone PAT of INR260mn was higher than our expectation of INR151mn, led by strong execution and better EBITDA margins. However, order intake continues to cause concern with order accretion for FY12 muted at INR64bn (INR80bn in FY11).
	EBITDA	1,560	1,401	1,374	1,327	
	PAT	292	151	370	180	

Consumer Goods/Retail/Media



“Most companies in Consumer sector reported in-line or above estimate results. Consumer companies continue to surprise positively in terms of domestic volume growth while international business reported healthy growth despite global economic pressures. Retail companies continued to see pressure in same store growth in spite of extended sale season.

For broadcasters, domestic subscription revenue growth was muted at 5-10% YoY but Zee benefitted due to Media Pro (JV with Star). Sun TV continues to suffer because of Arasu issue. Ad slowdown continues across all media segments. Ad pickup is unlikely till the end of H1FY13. “

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Consumer Goods

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Asian Paints	Revenues	25,460	23,587	19,696	25,658	Higher than-expected volume growth of ~13% YoY and mix improvement led to impressive sales growth. Other positive is prudent cost management (EBITDA margins are flat despite severe RM pressures). Key negative is the raw material pressure (on the back of TiO2 and crude inflation) caused a blip in gross margins.
	EBITDA	3,827	3,392	2,938	4,019	
	PAT	2,595	2,180	1,860	2,569	
Colgate	Revenues	7,029	7,132	5,978	6,882	Key positives include robust sales growth of ~18% YoY backed by strong ~13% volume growth in toothpaste, market share gain in toothpaste (up 180bps YoY) and mouthwash (up 50bps YoY), stabilization of market share in toothbrush at ~38% and EBITDA margin expansion aided by reduced COGS and ad spends. Key negative is jump in tax rate.
	EBITDA	1,699	1,640	1,408	1,459	
	PAT	1,308	1,286	1,141	1,156	
Dabur	Revenues	13,636	13,400	11,082	14,527	Strong domestic volume growth (up ~9.5% YoY) was a key positive. Others were volume led growth in shampoos, foods & skin care, and strong ramp up in rural distribution network (across 10 states from 2). Key negatives were muted growth in oral care (moderate growth in mass offering) and slowdown in Namaste business (likely one-off).
	EBITDA	2,244	2,251	2,172	2,349	
	PAT	1,705	1,609	1,470	1,728	
Emami	Revenues	4,036	4,129	3,499	4,505	Key positives were strong volume growth of 15% YoY in the domestic market, 11% growth in export sales and a 496bps YoY jump in EBITDA margin. Key negatives were weakness in summer brands due to extended winters and 50% decline in CSD sales due to absence of sales in February and March.
	EBITDA	823	661	539	1,178	
	PAT	724	640	546	945	
Godrej Consumer	Revenues	13,230	13,094	10,110	13,441	Key positives were robust 21% YoY growth in domestic business and 27% organic growth in international businesses. EBITDA strengthened to 18.8%, up 173bps YoY, due to favourable category sales mix, integration-led cost saving initiatives, efficient sourcing and lower levels of ad spends. Hair care business, up just 13% YoY (up 9% in Q3FY12), continues to remain a concern.
	EBITDA	2,481	2,488	1,721	2,653	
	PAT	1,767	1,690	1,388	1,726	
GSK Consumer	Revenues	8,364	8,584	7,274	6,248	Key positives include 31% YoY growth in biscuits (20% YoY volume growth), ~37.5% jump in business auxiliary income and recently launched oats capturing third largest market share in South India. Key negatives were 7-8% volume growth in HFD despite low base due to CSD issue, meager ~2% YoY volume growth in Boost, 236bps decline in gross margin (due to inventory change) and flat noodles sales.
	EBITDA	1,851	1,888	1,627	844	
	PAT	1,320	1,250	1,106	591	

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Hindustan Unilever	Revenues	57,659	54,200	49,684	59,561	Key positives were robust 10.1% volume growth in the domestic business, S&D growth of 28.4% YoY (led by price hikes) and 382bps expansion in the segment's margin, volume-led growth of 17.1% YoY in personal products and EBITDA margin expansion by ~153bps YoY. Key negatives were shrinking margins in beverages and the failure of oral care and Knorr portfolio to deliver growth for two consecutive quarters.
	EBITDA	8,334	8,224	6,422	9,705	
	PAT	6,585	6,200	4,856	7,662	
ITC	Revenues	68,614	67,701	58,363	61,954	Key positives were YoY margin expansion in cigarettes and FMCG, FMCG sales growth (~23% YoY), sharp dip in FMCG loss and 30.7% YoY surge in agri sales. Key negatives were a mere ~5% YoY rise in cigarette volumes on a low base of -2% and disappointing growth in hotel and paper businesses.
	EBITDA	21,701	20,987	17,937	23,287	
	PAT	16,143	15,111	12,815	17,010	
Marico	Revenues	9,177	9,450	7,781	10,572	Key positives were 11% YoY volume growth in Parachute coconut oil, healthy growth of 37% YoY (organic growth 24%) in international business, gross margin jump of 443bps YoY and 40% upwards rural sales. Key negatives were sharp jump in ad spending, muted growth in Saffola (meager ~3% YoY volume growth) and challenging business environment in Bangladesh.
	EBITDA	1,100	1,101	1,105	1,235	
	PAT	714	810	658	841	
Nestle India	Revenues	20,475	21,358	18,100	19,547	Key positive were highest margin in the past 12 quarters, aided by higher realization and channel rationalization and superior product mix. Key negatives were lowest domestic sales growth in past 16 quarters and exports growth of a mere 3.3% YoY (despite INR depreciation that aided 6.3% export growth).
	EBITDA	4,572	4,496	3,853	4,127	
	PAT	2,757	2,970	2,557	2,308	
United Spirits	Revenues	18,627	18,364	15,917	19,539	Key negatives include muted volume growth (4-5% in Q4FY12), high RM pressure denting margins and heavy interest burden eating up profits. The only positive was positive EBITDA clocked by W&M.
	EBITDA	1,760	1,836	1,872	1,869	
	PAT	285	400	602	259	

Retail

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Pantaloon Retail	Revenues	30,264	30,650	28,119	28,933	Sharp surge in interest cost—a major burden; SSS growth deteriorated across formats—2.66% in value retail, 3.46% in lifestyle and 7.33% decline in home retail—despite extended discount sales period. Added 0.51mn sq ft in Q3FY12; however, accounting for closures (primarily Ezone and KB Fair), space addition was mere 0.03mn sq ft. The only positive was a slight 36bps YoY expansion in EBITDA margin.
	EBITDA	2,776	2,651	2,479	2,612	
	PAT	120	230	505	135	
Shoppers Stop	Revenues	7,730	7,458	6,168	7,693	Key positives were aggressive expansion, departmental store LTL sales up 10% YoY; recovery can be attributed to extended discount season. Key negatives are high interest burden and disappointing performance of HyperCity.
	EBITDA	141	168	148	189	
	PAT	10	50	77	93	
Titan	Revenues	22,814	22,753	17,776	24,401	Key positives were good volume growth (up 14% YoY) in watches, strong revenue growth in eyewear (26%), share of studded jewellery in Q4FY12 stood at 32%, return of profitability to PED and a buoyant expansion. Key negatives were jewellery volumes declined 7% due to lower consumer sentiments and higher gold prices and eyewear segment reported increased losses.
	EBITDA	2,071	1,706	1,127	2,249	
	PAT	1,443	1,307	838	1,639	

Quarterly Review

Media

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Dish TV	Revenues	5,247	5,010	4,330	4,905	Results ahead of our expectation. EBITDA margin expansion, turning free cash positive, dip in churn to 1% and change in accounting policy of revenue rentals were key positives. Lack of ARPU growth, poor FY13 ARPU guidance, INR depreciation, down trading and slowdown in subscriber additions are key concerns.
	EBITDA	1,442	1,210	902	1,202	
	PAT	(491)	(390)	(371)	(430)	
Hathway Cable & Datacom	Revenues	1,355	1,314	1,235	1,277	Revenues in line. The only negative was contraction in EBITDA margin by 80bps QoQ. With no major negative surprises in TRAI's tariff order, subscriber acquisitions are expected to accelerate further for Hathway.
	EBITDA	233	235	187	230	
	PAT	(68)	(170)	(176)	(183)	
Jagran Prakashan	Revenues	3,104	3,130	2,826	3,240	Jagran Prakashan reported healthy growth of ~11.5% in ad revenue even as listed print peers reported low single digit ad revenue growth in Q4FY12. EBITDA margin plunged ~400bps due to significant spurt in costs. In spite of the ongoing ad slowdown, the company continues to deliver on ad revenue front.
	EBITDA	659	745	714	851	
	PAT	428	400	421	413	
PVR	Revenues	1,177	990	898	1,390	PVR's Q4FY12 revenue surpassed our expectation on back of good growth in exhibition business revenue. Key negatives were: (1) steep surge in direct costs and SG&A (particularly rent), leading to EBITDA margin decline; and (2) exceptional loss of INR200mn on account of provision for service tax on rent.
	EBITDA	47	123	190	240	
	PAT	22	(3)	(10)	90	
Sun TV	Revenues	4,270	4,020	4,605	4,251	Results in line with our expectation. The ad slowdown continued and revenues declined by 9% YoY while ad and broadcast (combined) declined by 5% YoY in Q4FY12. Jump in other expenditure and cost of revenue led to a decline in EBITDA margin by 216bps. The overhang of the Arasu issue on the stock persists.
	EBITDA	3,282	3,200	3,639	3,411	
	PAT	1,590	1,550	2,083	1,679	
Zee Entertainment	Revenues	8,691	6,950	7,954	7,548	Results came ahead of our expectation. Key positives were significant rise in GRPs averaging 196 against 158 in Q3FY12 and higher growth in subscription revenue. Key negatives include ~12% YoY decline in ad revenues, increased sports losses and a sharp increase in SG&A costs, causing EBITDA margins to decline.
	EBITDA	1,600	1,750	2,222	2,160	
	PAT	1,602	950	1,968	1,359	

Energy



“Refining margins across companies was better than expectations due to higher fuel oil spreads and inventory gains. Meanwhile, gas production from Reliance Industries’ KG-D6 field continued the downward trend and fell to 34.6 mmscmd for the quarter. GoI & upstream under recovery sharing was higher than our estimates at 60.3% (59%) and 39.7% (39%) respectively leading to better profits for oil marketing companies “

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Energy

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Aban Offshore	Revenues	8,032	9,170	8,987	8,659	Cost of funds has risen from 6.0% to 8.9% in two years, and we expect it to inch up further following recent refinancing of earlier USD and NOK bonds at 12% and 14.5% (vs. earlier cost of 9.3%). Further, four rigs deployed in Iran expose the firm to payment issues amid tightening sanctions.
	EBITDA	4,221	5,273	5,937	5,007	
	PAT	805	1,013	1,968	731	
BPCL	Revenues	646,422	608,085	452,515	588,245	BPCL reported Q4FY12 PAT of INR39.6bn versus estimate of INR44.2bn. GRM at USD4.2/bbl was lower than USD4.9/bbl estimate. Subsidy sharing by upstream and GoI at INR135bn for Q4FY12 (full year ratio of 39.7% and 60.3%) was in line, leading to net over recovery of INR36.3bn during the quarter. We remain positive on BPCL given the hectic drilling programme in Mozambique and Brazil ahead of FID in 2013.
	EBITDA	50,571	57,146	16,441	36,874	
	PAT	39,629	44,154	9,352	31,396	
Cairn India	Revenues	36,513	35,317	36,545	30,968	CAIR’s reserves for the Rajasthan block have been upgraded slightly. Pipeline capacity, at 175 kbpd, is expected to be increased by ~10% in the coming months by de-bottlenecking activities. The company’s board approved the first dividend policy wherein it aims to pay ~20% dividend.
	EBITDA	29,812	29,153	31,382	25,456	
	PAT	21,862	24,261	24,578	22,619	
Essar oil	Revenues	175,430	162,217	133,560	129,330	EBITDA, at INR3.80bn, was lower than our INR6.24bn estimate, primarily due to lower GRMs at USD4.6/bbl and lack of inventory gains. The company has completed refinery expansion to 18 mmtpa. ESOL is also close to exiting CDR, post which cost of debt will dip.
	EBITDA	3,800	6,246	8,850	4,820	
	PAT	(2,200)	720	3,210	290	
GAIL India	Revenues	104,546	115,961	88,936	112,598	GAIL’s Q4FY12 PAT/EBITDA of INR4.8bn/INR7.4bn were lower than estimates due to: (a) lower gas transmission volumes; (b) lower earnings from natural gas trading; (c) higher subsidies; and (d) write off/provisions. Natural gas transmission volumes were lower at 116 mmscmd due to maintenance shutdown of fertilizer plants.
	EBITDA	7,338	17,822	12,724	17,605	
	PAT	4,833	11,064	7,831	10,914	
Gujarat State Petronet Ltd	Revenues	2,788	2,668	2,580	2,755	Reported transmission tariff of INR0.96/scm (up 6.3%QoQ) was also higher than the estimated INR0.89/scm due to the impact of take-or-pay revenues booked during the quarter. Transmission volume at 30.8mmscmd (down 6.1%QoQ) was lower than the estimated 31.6mmscmd.
	EBITDA	2,544	2,449	2,326	2,535	
	PAT	1,293	1,223	1,506	1,261	
HPCL	Revenues	524,431	486,269	398,922	480,475	GRMs at USD3.7/bbl surpassed our USD2.5/bbl estimate on stronger fuel oil spreads. Higher government subsidy share led to FY12 net under-recovery of only INR115mn. While this was partly offset by gasoline losses and sharp increase in finance costs, the company managed to post FY12 PAT of INR1.7bn and core EPS of INR4.5.
	EBITDA	55,162	31,164	22,005	37,026	
	PAT	46,327	27,763	11,363	27,251	

Quarterly Review

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
IGL	Revenues	7,203	7,035	5,093	6,615	IGL's Q4FY12 revenue at INR7.2bn and PAT at INR808mn were better than our estimates (INR7.0bn/INR740mn), predominantly due to better PNG volumes, which have recovered from a weak Q3 earlier. Two price hikes in CNG helped margins recover.
	EBITDA	1,685	1,590	1,357	1,488	
	PAT	808	738	692	692	
IOCL	Revenues	1,284,440	1,297,566	987,227	1,156,419	GRMs at USD4.3/bbl were higher than our USD3.0/bbl estimate due to superior fuel oil spreads and crude inventory gains. Marketing also reported higher EBITDA due to higher subsidy sharing of 60.3% for FY12 by government, helping IOCL post an under-recovery of only INR224mn for the year.
	EBITDA	147,487	119,510	57,827	111,583	
	PAT	126,704	102,510	39,052	24,884	
CPCL	Revenues	103,270	117,648	103,103	111,509	CPCL's INR1,072mn Q4FY12 PAT surpassed our estimate (INR127mn) due to higher GRMs led by inventory gains and fuel oil cracks. It reported GRMs at USD4.5/bbl, higher than our USD3.4/bbl estimate. Throughput at 2.73 mmt was up 2.7% QoQ.
	EBITDA	2,239	1,854	5,813	619	
	PAT	1,072	127	3,141	(634)	
ONGC	Revenues	188,193	168,022	153,954	181,238	ONGC's Q4FY12 PAT of INR56.4bn was better than estimate on all fronts – good production growth, lower subsidy share and lower operating expenses. Net realization was USD44.3/bbl for Q4. Consolidated numbers were marred by lower production at OVL and provisions for Imperial Energy.
	EBITDA	110,565	78,115	72,599	106,577	
	PAT	56,459	24,849	27,902	46,739	
Petronet LNG	Revenues	63,754	67,233	39,860	63,303	Revenue/PAT of INR63.7bn/INR2.45bn were below expectations due to lower re-gas volumes and marketing margins. Volumes dipped on lower offtake from fertilizer/power companies. Management may have reduced the marketing margin (Q4=USD0.26/mmbtu, Q3FY12=USD0.5/mmbtu) as the same is now being monitored by the regulator.
	EBITDA	4,230	5,117	3,513	5,032	
	PAT	2,451	3,071	2,063	2,954	
RIL	Revenues	851,820	808,070	726,740	851,350	Revival in refining/petchem and higher other income offset weak upstream earnings. RIL's earlier announced projects of USD12bn in petchem/refining have picked up and most should be commercial by Mar-15. This, along with upstream capex, should take care of its cash flows for next three years.
	EBITDA	65,630	68,372	98,430	72,850	
	PAT	42,360	43,524	53,760	44,400	

Engineering & Capital Goods



“Weakness in industrial capex continues in Q4FY12, with weak fresh order awards and declining revenue visibility. Barring L&T and Crompton, order book for most companies declined on a YoY basis. We continue to avoid BTG space, and prefer diversified players like L&T, Crompton.”

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Engineering & Capital Goods

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
ABB	Revenues	17,903	19,622	17,960	21,999	PAT surpassed estimate adjusted for forex loss and salary impact for acquisition. After reporting losses over the past 11 quarters, margin at 5% in the power system division was the key highlight of the quarter. Order inflow declined marginally 4% YoY to INR16bn primarily due to process automation segment.
	EBITDA	975	1,217	1,016	1,081	
	PAT	476	654	596	641	
AIA Engineering	Revenues	4,546	3,591	3,589	3,470	Reported robust growth of 27% YoY. However, this includes export incentive of INR323mn (due to change in accounting method). Excluding this, growth was 18% YoY. Disappointed on margin front with EBDITA margin of 18% (further reduced to 12% if we exclude export incentives). Auditors also highlighted non provision of INR 83mn for MTM loss.
	EBITDA	837	740	725	705	
	PAT	534	496	524	503	
Bajaj Electricals	Revenues	10,602	11,392	9,796	7,935	Revenue grew 8% on back of slower growth in consumer durables at 10%, even as lighting recorded strong growth at 23%. Earnings plunged 21% due to a combination of weak operating performance in E&P, unfavourable climatic conditions affecting sales in fans/coolers in consumer durables and high interest cost.
	EBITDA	863	1,001	1,017	647	
	PAT	491	584	575	328	
BGR Energy	Revenues	11,377	10,676	14,616	8,037	BGR Energy Systems' Q4FY12 PAT was in line with our estimate. Revenue declined 22% YoY due to high base. Interest cost inched up significantly, as working capital remains strained owing to poor collection from debtors.
	EBITDA	1,356	1,523	1,674	1,313	
	PAT	672	699	984	547	
BHEL	Revenues	195,889	217,377	183,805	107,431	BHEL's Q4FY12 PAT surpassed our estimate driven by lower provisioning and higher other income while revenue growth was below expectation. Fresh order intake nosedived sharply due to fewer project closures.
	EBITDA	49,372	42,098	42,937	20,805	
	PAT	33,798	27,923	27,982	14,326	
Crompton Greaves	Revenues	30,774	34,311	29,080	30,280	Crompton Greaves reported below estimate PAT on continued loss and low revenue in overseas entities. While order intake and order book grew YoY during Q4FY12, both in India and overseas, margins in power systems (India) came in lower than estimated led by unfavourable revenue mix and pricing pressure impact.
	EBITDA	2,132	2,602	3,731	1,826	
	PAT	998	1,512	2,514	755	
Cummins India	Revenues	10,213	11,696	10,096	9,705	Cummins' Q4FY12 revenue came in marginally below our estimate, led by weaker domestic sales. However, PAT was in line, driven by EBIDTA margin, on back of change in revenue mix with higher proportion of HHP engine sales. Exports grew a robust 14% YoY, led by healthy shipments to Africa and Middle East.
	EBITDA	1,757	1,720	1,451	1,496	
	PAT	1,446	1,474	1,440	1,410	

Quarterly Review

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Havells India	Revenues	10,485	9,897	8,453	8,982	Havells reported muted performance in Q4FY12. Earnings grew 7% with higher interest costs, even as operating performance was strong. Revenue improved 21% led by the cable & wire division. Sylvania's earnings improved 30% to EUR4.3mn (despite revenue declining marginally) as overall EBITDA margin improved 50bps.
	EBITDA	1,254	1,216	990	1,274	
	PAT	795	825	690	789	
Jyoti Structures	Revenues	7,355	8,517	7,218	5,872	Jyoti Structures' Q4FY12 numbers were below our estimates, as it reported subdued revenue growth due to ROW and client-centric issues. PAT declined 10% YoY due to higher interest cost. Order intake plunged 30% YoY to INR8bn even as order backlog was flat at INR43.3bn.
	EBITDA	823	896	840	596	
	PAT	314	343	350	138	
KEC International	Revenues	20,690	19,359	15,590	14,596	Revenue was much above our estimate due to strong execution in the transmission sector. However, margins continue to remain under pressure. Order book grew 10% and order inflow 9% YoY. Increased focus on the balance sheet helped the company reduce debt.
	EBITDA	1,695	1,615	1,636	1,123	
	PAT	743	726	786	268	
Kalpataru Power	Revenues	10,616	10,583	8,846	8,008	Revenue grew 20% YoY, margins cracked 240bps YoY to 8.8%, primarily due to higher input cost and forex loss of INR80mn. The company managed to report marginally higher order intake this quarter after winning a large ticket size order in Congo of INR9bn.
	EBITDA	930	1,175	985	908	
	PAT	568	656	616	403	
L&T	Revenues	184,609	189,663	153,842	139,986	Larsen & Toubro reported above estimated PAT numbers primarily due to higher other income. However, order intake was lower than expected due to macro challenges and lack of policy traction.
	EBITDA	25,607	27,587	23,409	13,431	
	PAT	18,654	17,244	16,862	9,915	
Siemens	Revenues	37,973	33,861	31,182	23,969	Siemens reported Q2FY12 numbers above estimates, both on revenue and PAT fronts. The company reported strong execution in energy division on account of significant project milestone achievement. It reported weak orders for both Q2 and H1 with a dip of 45% and 36% YoY, respectively.
	EBITDA	4,825	4,272	4,449	1,230	
	PAT	3,039	2,582	2,775	706	
Sterlite Technologies	Revenues	7,070	8,463	6,822	6,635	Sterlite Technologies' Q4FY12 numbers were below our and consensus estimates. While revenue was in line with our estimate at INR8.1bn, weak operating performance (due to lower margin in both power and telecom segments) led to lower earnings at INR165mn, below our estimate.
	EBITDA	667	838	490	522	
	PAT	126	346	103	95	
Techno Electric	Revenues	2,180	3,780	1,965	1,697	Techno Electric reported weak Q4FY12 numbers. Revenue was up 11% on back of 31% energy growth due to power capacity additions. EBITDA margin improved 110bps to 15.7% led by margin expansion in EPC. However, PAT declined 15% on account of higher depreciation and interest expenses primarily in energy.
	EBITDA	342	528	286	522	
	PAT	165	266	194	230	
Thermax	Revenues	16,868	15,483	17,713	12,693	Thermax's Q4FY12 PAT was above our and consensus estimates, primarily due to better-than-expected revenue. Despite weak industry scenario, EBITDA margin remained flat at 11%. Though revenue visibility has weakened as the company reported 24% decline in orders.
	EBITDA	1,853	1,695	1,952	1,354	
	PAT	1,298	1,078	1,265	955	
Voltamp Transformers	Revenues	1,946	1,699	1,490	1,455	The company surprised with strong revenue growth of 31% due to execution of large-value orders. PAT declined 42% and implied order intake at INR1.8bn dropped 13%. Operating performance was better than expected as margin dip was contained to 950bps.
	EBITDA	166	41	268	40	
	PAT	111	27	190	35	

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Voltas	Revenues	15,744	18,295	16,758	11,647	Voltas reported strong Q4FY12 numbers. Key surprises being expansion in margin and drop in tax rate. Revenue dipped 6% to INR15.7bn, primarily due to sharp drop in EPS segment. Order intake dipped 63% to INR4.2bn while backlog (at INR42.9bn) declined 12%, led by 20% dip in international orders. Domestic orders were flat during the quarter.
	EBITDA	1,366	1,437	1,410	874	
	PAT	1,019	982	1,011	1,154	

Fertiliser

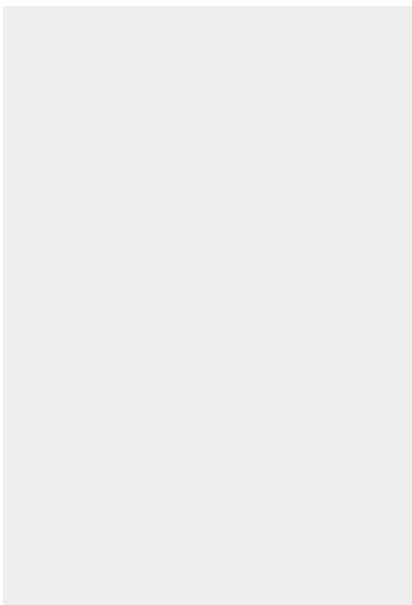


“During Q4FY12, strong sales volume growth was seen – some part owing to improvement in the offtake of fertilizers by farmers and most of it owing to aggressive sale of non-urea fertilizers to the distribution channels so as to minimize inventory losses. On the back of this, while the YoY revenue and profit growth had been strong in 4FY12, due to the bloating of inventories at distributors end, Q1FY13 is likely to be subdued. However, Q2FY13 onwards return to normalcy is expected. While the short term cues are negative due to INR depreciation and subdued expectations for Q1FY13, we are positive over a longer term due to good monsoon expectation, increasing MSPs, lower raw material prices and improved raw material availability. “

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Fertiliser

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Chambal Fertilisers	Revenues	18,833	13,464	8,161	17,966	Strong revenue growth, ahead of estimates, was seen on high trading volumes and IPP linked benefit for urea. However, adjusted PAT is slightly below our expectation, owing to higher-than-expected tax. While urea business has been steady, non core businesses continue to be a drag on numbers.
	EBITDA	2,319	2,289	1,206	2,039	
	PAT	851	911	637	865	
Coromandel International	Revenues	27,444	28,081	11,801	25,497	While revenue and profitability surged YoY as expected, on account of aggressive fertiliser sales volume (up 62% YoY) to distributors, EBITDA margin and PAT were lower than expectation owing to higher selling costs. Management guided for commissioning of TIFERT by September 2012 and guided for ~0.1mn MT volume during FY13.
	EBITDA	1,615	1,962	671	2,335	
	PAT	732	935	409	1,474	
Deepak fertilisers	Revenues	6,903	6,155	4,285	6,015	While fertiliser segment continued its strong performance, margin pressures were prevalent in the chemicals segment owing to high propylene prices and shutdown of ammonia plant for 20 days. Two fertiliser projects announced: INR3.6bn brownfield NPK expansion and INR0.6bn greenfield Bentonite sulphur plant, to be executed over next 30 months.
	EBITDA	902	1,139	903	999	
	PAT	455	536	495	491	



IT



“Baring TCS the other large cap players reported disappointing volume during the quarter as delays in decision making led to slower ramp ups of projects. Also, pressure was seen in the BFSI vertical which is the largest contributor for the Indian IT companies. All the top 4 IT players reported sequential decline in BFSI vertical during the quarter. “

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IT

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
eClerx Services	Revenues	1,276	1,369	955	1,320	Muted revenue growth of 0.5% QoQ in USD terms well below our estimate. Higher S&M, one time G&A expenses and negative currency led to 860bps decline in EBITDA margin to 36.6%. PAT was impacted by lower operating profits and higher forex losses. Attrition rate stood at 31%; 10 clients added during the quarter
	EBITDA	468	602	401	597	
	PAT	304	428	295	499	
HCL TECH	Revenues	52,156	52,875	41,382	52,452	Revenue growth at 2.5% QoQ in USD terms was marginally lower than our forecast. Volume growth stood at 2.9% QoQ. The company won deals worth over USD1.5bn during the quarter. EBITDA margin at 18.4% was flat sequentially. The constant currency growth of 1.9% QoQ was driven by infrastructure services (4.5% QoQ) while BPO grew 5.5% QoQ and core software business was up 0.9% QoQ.
	EBITDA	9,591	9,609	7,165	9,702	
	PAT	5,817	5,428	4,455	5,527	
Hexaware	Revenues	4,383	4,461	3,185	4,319	Revenue grew 4.7% QoQ in USD terms in line with our estimate led by a stellar volume growth of 6.6%. EBITDA margin declined 60bps at 22.4% was better than our estimate of 21.9%. It has guided for 3.4-4.5% growth for Q2CY12. Growth momentum is expected to continue due to increased scope within large clients along with an active deal pipeline that is being pursued.
	EBITDA	982	978	455	994	
	PAT	884	805	537	882	
Infosys	Revenues	88,520	91,569	72,500	92,980	Q4FY12 revenue at USD1,771mn (down 1.9% QoQ) was below our and Street's forecast. Volume declined 1.5% QoQ. Delays in contract closures and ramp down in few FSI projects led to this decline. EBITDA margin expansion of 110bps QoQ in line with expectation. Guidance of 0.1-1.0% revenue for Q1FY13 indicates lack of predictability due to slow decision making and deferment of project starts. While for FY13 it has given guidance of USD7.5bn-7.7bn, implying revenue growth of 8.0-10.0% over FY12.
	EBITDA	28,870	29,852	23,210	31,330	
	PAT	23,160	22,365	18,180	23,720	
Info Edge	Revenues	1,059	971	815	920	Revenue and net profit were ahead of our estimates. Recruitment revenue (up 27.1% YoY) was driven by market share improvement and also seasonal impact. Operating margin in this segment touched 55.0%. Deferred sales growth stood at 28.6% QoQ. Real estate segment sustained momentum with 63% YoY growth during the quarter.
	EBITDA	421	357	284	349	
	PAT	403	290	269	289	

Quarterly Review

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Infotech	Revenues	4,174	4,204	3,258	4,165	Revenue grew 2.8% QoQ (constant currency). EBITDA margin at 19.8% was better than our estimate of 18.8%. Volume growth of 2.1% in both EMI and N&CE segment. New client wins, outlook from existing larger clients gives higher revenue visibility going into FY13. EMI and N&CE segments grew 1.4% and 1.7% QoQ, respectively, in USD terms.
	EBITDA	827	792	467	857	
	PAT	698	525	370	340	
Mphasis	Revenues	13,289	13,485	12,571	13,672	Mphasis' Q2FY13 revenue declined 2% QoQ at USD266mn. EBITDA continued the uptrend with 130bps expansion to 19.7% driven by reduction in headcount. HP revenue channel continued the downtrend (2.8% QoQ decline in constant currency (CC)), while direct business declined 2.6% (in CC). Revenue from HP non-ES segment is expected to be ~USD55mn-60mn for the full year.
	EBITDA	2,614	2,535	2,130	2,522	
	PAT	1,894	1,849	2,173	1,848	
TCS	Revenues	132,593	131,799	101,575	132,040	Revenue grew 2.4% QoQ to USD2,648mn, marginally higher than our estimate while volume growth stood at 3.3%. The company surprised with flat BFSI vertical growth (in CC) versus expectation of 4-5% decline in line with the peer set. Management commentary was positive with release of discretionary spending, ramp ups in projects and large deal wins. EBIT margin at 27.7% declined 155bps QoQ (in line with estimate). Net hiring of 11,832 employees and it won 6 large deals during the quarter.
	EBITDA	39,117	38,838	30,880	40,921	
	PAT	29,324	28,117	23,809	28,866	
Wipro	Revenues	98,164	98,818	82,715	98,808	Wipro reported tepid 0.8% QoQ volume growth in Q4FY12 in organic IT services business. Revenue at USD1,535mn (up 2.0% QoQ) was in line with our forecast. EBIT margin expanded 40bps QoQ to 16.7%. Guidance for Q1FY13 of -1-1% growth is muted due to expected softness in the Indian business.
	EBITDA	19,084	17,970	16,759	18,678	
	PAT	14,905	13,908	13,754	14,564	

Metals & Mining



“Q4FY12 was a fair quarter with most companies reporting in-line or above estimate results. Positive surprise was in Hindalco, NALCO, Bhushan Steel, Sesa Goa. Cost pressure remained at elevated levels in most companies, the most common cause for negative surprise. Victims were Coal India, SAIL and Usha Martin. “

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Metals & Mining

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Bhushan Steel	Revenues	28,368	25,800	19,662	24,071	Bhushan Steel's Q4FY12 EBITDA was ~15% above our estimate due to higher-than-expected sales volume of ~620kt (up 20% QoQ; our estimate ~546kt). The beat on volumes was due to ramp up at Phase II of expansion. Though realisations declined ~1.5% QoQ, EBITDA/t at USD288 was broadly in line with estimate due to lower cost. Management expects to commission phase III project in Q3FY13.
	EBITDA	8,976	7,807	6,024	7,240	
	PAT	3,309	3,002	2,880	2,766	
Coal India Ltd *	Revenues	194,190	177,280	150,162	153,493	Coal India's Q4FY12 EBITDA of INR37.9bn was 20% below our estimate despite the average blended realisation coming in 8% above expectation, due to cost surge (cost/t spiked 30% QoQ; 18% above estimate). However, on back of higher other income, PAT was only 6% below estimate at INR41.1bn.
	EBITDA	37,856	47,276	51,987	45,421	
	PAT	40,084	42,736	42,209	40,378	
Hindalco	Revenues	76,471	70,127	68,464	66,470	Hindalco's standalone Q4FY12 EBITDA at INR8.6bn was ~16% above estimate on account of better aluminium realisation premiums (on improved product mix), higher copper production, better copper Tc/Rcs, inventory liquidation and contained costs. PAT at INR6.4bn was 35% above estimate due to higher other income, which included dividend payment from Dahej harbor. The company has allotted ~150mn warrants (~7% dilution) to promoters and raised INR30bn debt for its expansion plans.
	EBITDA	8,648	7,454	9,145	7,149	
	PAT	7,104	4,756	7,084	4,507	
Hindustan Zinc	Revenues	31,350	30,387	32,373	27,868	Hindustan Zinc's Q4FY12 PAT was marginally below expectation (despite higher metal volume) due to higher than expected costs. However, the company has indicated that cash costs in FY13 will be stable at FY12 level. It has also reiterated its target dividend payout ratio of ~20%. Going forward, HZL will focus on mine exploration and development with capex of INR20bn in FY13.
	EBITDA	16,590	16,415	19,685	14,023	
	PAT	14,213	14,563	17,713	12,800	
Jindal Steel & Power	Revenues	54,823	53,702	38,545	43,577	JSPL's consolidated EBITDA was 7% below estimate due to below expectation performance of JPL (due to higher cost). Standalone revenue and EBITDA were in line despite strong volumes, signifying below expectation realisations as well as costs. However, with low interest cost and tax rate, consolidated PAT was broadly in line. Sales volume for steel and pellets surged 25% and 49% QoQ, respectively, while power sales volume for standalone entity rose 59% QoQ and declined 5.8% QoQ for JPL.
	EBITDA	19,144	20,670	17,274	17,421	
	PAT	11,670	11,890	10,017	9,707	

Quarterly Review

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
JSW	Revenues	103,610	94,270	72,833	84,241	JSW's EBITDA/t of USD142 disappointed (our estimate : USD168), on back of flat realisation even as cost/t was largely in line. US plate mill, however, surprised with EBITDA of USD43mn (our estimate: USD4mn, flat QoQ) due to one time insurance settlement claim. The company has secured iron ore supply until July 2012 and is hopeful of restarting category 'A' mines in Karnataka soon. Hence, it has guided for crude steel production of 8.5mt for FY13, a growth of 14% YoY.
	EBITDA	18,873	17,310	16,620	13,174	
	PAT	6,193	5,753	7,936	5,108	
Nalco	Revenues	17,845	14,574	18,254	14,486	Nalco's Q4FY12 numbers surpassed estimates (INR3.1bn EBITDA versus our INR0.8bn estimate) on back of higher-than-expected sales volume and below expectation costs. Power cost dipped (down 35% QoQ on aluminium equivalent cost/t basis) largely due to normalised supply of linkage coal while employee cost declined 15% QoQ to adjust for higher provisions made in 9mFY12.
	EBITDA	3,067	797	4,537	639	
	PAT	2,182	649	3,053	512	
SAIL	Revenues	133,972	133,310	119,447	105,938	SAIL's Q4FY12 EBITDA of INR15.8bn was 26% below estimate due to higher operating cost even as the sales volume and realisation were in line. Cost/t increased 5.8% QoQ (vs. our estimate of flat QoQ). As a result, the EBITDA/t at USD98 dipped 9.7% QoQ (our estimate USD132) in Q4FY12 while for FY12, it corrected 26% YoY to USD99.
	EBITDA	15,764	21,292	21,187	14,462	
	PAT	15,769	13,003	15,071	10,984	
Sesa Goa	Revenues	27,944	24,756	36,236	26,171	Sesa Goa's Q4FY12 EBITDA was ~27% above our estimate, led by better volume and realisations and lower-than-expected costs. Net addition of 68mt of reserves and resources in FY12 was a key positive. The company expects to grow volume ~13% in Goa mine and restart Karnataka mines in FY13.
	EBITDA	9,969	7,830	21,219	10,746	
	PAT	11,621	4,912	14,618	5,590	
Sterlite	Revenues	108,189	91,603	100,561	103,037	Sterlite's Q4FY12 EBITDA and PAT at INR27.05bn and INR12.8bn were 6% and 9%, respectively, above estimates led by better-than-expected performance in copper, power and international zinc businesses. Operational positives were reduction in unit costs in Sterlite Energy (SEL) and Vedanta Aluminium (VAL), ramp up in generation in SEL and steady profits in the copper business despite cost pressures and fall in by product revenues. Key negatives were cut in volume guidance for international zinc business, no incremental progress on coal security and the provision of INR4.32bn in ASARCO case.
	EBITDA	27,054	25,410	30,585	23,183	
	PAT	12,769	11,707	19,250	9,135	
Tata Steel	Revenues	339,986	350,407	338,227	331,031	Tata Steel's consolidated EBITDA of INR31.8bn was higher than our estimate of INR30.3bn on back of higher-than-expected blended realisation at India operations and low cost at international operations. EBITDA/t in European operations was broadly in line. 2.9mtpa Jamshedpur expansion is complete and management expects 1mt from this project in FY13. Bengal project in Mozambique too has been commissioned, with first shipment in May 2012.
	EBITDA	31,788	30,331	44,661	24,590	
	PAT	2,032	5,662	18,694	1,390	
Usha Martin	Revenues	9,544	9,207	8,687	8,182	Usha Martin's consolidated Q4FY12 EBITDA was 44% below estimate due to higher other expense and lower realisation despite standalone sales volume being 8% above estimate. Thailand subsidiary is expected to stabilize by Q2FY13. Management expects to achieve 20% plus volume growth in FY13E and cost savings through increased production of coal, DRI, power and pellets.
	EBITDA	707	1,259	1,609	772	
	PAT	(142)	10	362	(644)	

Pharmaceuticals / Healthcare



“Pharma universe has delivered a mix numbers for the quarter. Though revenue growth was in-line, driven by strong performance in US and India, however, gross margins across the universe impacted because of lag effect of currency and crude oil as well as adverse product mix. Lower operating margins and higher tax provision impacted overall profitability of the sector. Companies like Sun Pharma and Cadila surprised positively while Lupin and Aurobindo were negative surprise during the quarter. Going forward, we expect growth momentum to continue in whole of FY13 however expect earnings growth to decelerate from FY13 onwards “

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Pharmaceuticals / Healthcare

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Aurobindo	Revenues	11,907	13,120	11,544	12,845	After a gradual recovery in business during Q3FY12, Aurobindo performance reversed to the lows of Q1 with 11.8% EBITDA margins. Revenue growth was 3.1% YoY and PAT de-growth was 71% YoY and 54% QoQ.
	EBITDA	1,404	2,026	2,223	1,912	
	PAT	389	952	1,330	847	
Cadila Healthcare	Revenues	13,980	12,972	12,027	13,525	Results exceeded our expectations, however largely due to higher profits from Hospira JV (USD 13mn versus USD6mn estimated) as there was no incremental generic entry in Taxotere. EBITDA margins also benefited from Hospira which makes 60-70% profit margins from the product. Positive surprises include 24% growth in India business.
	EBITDA	2,912	2,392	2,686	2,640	
	PAT	1,781	1,586	1,978	1,800	
Cipla	Revenues	18,656	18,201	16,692	17,580	Cipla results were in-line; The lower estimates on PAT front are largely due to lower than anticipated Lexapro sales. Core performance showed significant improvement with higher growth in export formulations (30% ex-ARVs) and continued double digit growth in India (16% YoY).
	EBITDA	3,808	4,073	3,021	3,870	
	PAT	2,773	2,860	2,140	2,664	
Dr Reddy's	Revenues	26,585	26,148	20,173	27,692	Lower olanzapine sales of USD2mn versus estimated USD40mn had impacted on reported numbers versus estimates. Core business growth was robust led by higher growth in India and Russia; US base business growth also remains strong at 50%; Core operating margin of 21.3% was higher than our estimate of 19.7%, led by lower SG&A costs.
	EBITDA	6,417	7,262	4,321	8,695	
	PAT	4,083	4,982	2,921	4,941	
Glenmark Pharma	Revenues	10,659	9,814	7,575	10,313	Revenue growth was strong but margins were a negative surprise. Lower gross margins (declined by 180bps QoQ) and higher operating costs lead to dismal operating margin performance; Lower tax rate offsets these margin pressures
	EBITDA	1,864	1,822	364	2,049	
	PAT	1,175	1,004	811	1,323	
Lupin	Revenues	19,239	18,873	15,536	18,189	Results were impacted by one-offs such as tax on unrealized sales and translation loss on yen; from consolidation also led to higher costs impacting overall operating margin performance.
	EBITDA	3,958	3,889	3,108	3,735	
	PAT	2,290	2,485	2,288	2,406	
Ranbaxy Laboratories	Revenues	37,677	33,630	21,809	37,923	Results were skewed by sales of generic Lipitor which came at USD300mn versus USD200mn estimated; Base business growth was 23% YoY however it was led by strong growth in few pockets; Base business margins were higher at 11% versus 8.4% in corresponding quarter
	EBITDA	9,961	6,922	4,032	9,137	
	PAT	8,316	4,547	2,888	6,878	

Quarterly Review

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Sun Pharma	Revenues	23,362	23,675	14,633	21,451	Operational performance was in line with our estimates. Strong outperformance at PAT level was led by one-time sales in domestic business and undisclosed forex gain.
	EBITDA	9,627	10,041	4,056	9,638	
	PAT	8,202	7,613	4,427	6,684	
Torrent Pharmaceuticals	Revenues	6,743	6,593	5,434	6,966	Various non recurring expenses and accounting policy revision impacted margins. Revenue growth remains strong in exports, while domestic growth remains numb at 11% YoY despite strong growth in the industry. We expect domestic growth to recover by Q1FY13.
	EBITDA	980	998	815	1,395	
	PAT	631	654	540	988	

Real Estate



“In terms of physical markets, volumes continued to be robust across most markets except Mumbai and Ahmedabad. For the listed space, while revenues and sales volumes were sharply higher on a sequential and annual basis, led by DLF and followed by most players financial performance of most companies were impacted by margin pressures with Oberoi Realty being the sole exception. The net debt for most players continued to remain high except for Godrej Properties, whose debt increase was partially offset by dilution at parent and SPV levels. The key thing to watch out over the first half the current fiscal for from an actionables perspective is asset monetisation and big ticket launches by DLF and commissioning of the Yamuna Expressway by Jaypee Infratech. “

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Real Estate

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Brigade Enterprises	Revenues	1,320	762	913	1,241	PAT was at INR80mn, below estimates despite a significant revenue beat due to low margins / high depreciation & interest costs, offset by a tax write-back. Orion Mall commenced operations in the quarter. Fresh sales volumes remain healthy, with an attractive launch pipeline auguring well for future volumes.
	EBITDA	285	203	130	395	
	PAT	80	86	272	104	
DLF	Revenues	26,168	21,920	26,830	20,344	Operations, which were weighed down by delayed approvals scripted a turnaround with strong volumes. Its' focus on luxury residential projects / plots, backed by third party contractors will result in stronger execution / superior cash flows. Expected asset monetization for FY13E is INR 35-40 bn, which will act as a stock trigger.
	EBITDA	7,976	9,180	6,660	8,227	
	PAT	2,117	1,240	3,450	2,584	
Godrej Properties	Revenues	3,502	2,520	3,278	1,497	Q4FY12 was an operationally weak quarter for GPL as transactions with group companies propped revenue and profit. In terms of cash flows, it was another quarter of net operating outflows. ~60% of the stock NAV is accounted for by Jet-BKC, GGC, Hyderabad and Kolkata projects, which continue to face headwinds.
	EBITDA	790	877	957	268	
	PAT	398	791	600	286	
Jaypee Infratech	Revenues	9,205	8,993	7,149	9,027	JPIN Q4FY12 profit of INR3.5bn was broadly in line. Volumes were healthy at 3.16msf, while cash collections are robust at INR10.9bn, demonstrating continued strength in the real estate business. The stock is attractively priced at 33% discount to NAV, a key trigger being commencement of the Yamuna Expressway.
	EBITDA	4,357	4,745	3,311	4,953	
	PAT	3,493	3,755	2,501	3,921	
Mahindra Lifespaces	Revenues	1,400	1,553	1,638	1,538	Q4FY12 numbers were below estimates on non-contribution from Mumbai projects. However, sales activity in its' Jaipur SEZ has picked up. The company a healthy lined up of projects for launch in FY13. It is also negotiating land purchases to augment its land bank and for MWC, Chennai – II, which will be a stock trigger.
	EBITDA	318	467	404	462	
	PAT	321	398	305	395	
Oberoi Realty	Revenues	2,548	2,007	2,668	1,873	Q4FY12 numbers were sharply higher than estimates on strong performance from the devco. Management believes MoEF nod for Mulund project is imminent, and that office leasing enquiries have improved. Triggers are clarity on FSI across projects, accretive deployment of cash and launch of Mulund / Worli projects.
	EBITDA	1,642	1,003	1,449	1,134	
	PAT	1,436	950	1,367	1,021	

Telecom



“The quarter ending March 2012 saw the telecom sector reporting a reasonable volume growth of 3-9% QoQ with Idea reporting the highest growth and RCOM the lowest. But the highlight of the quarter was the increase in ARPU for the second consecutive quarter, indicating that the market is still expanding. EBITDA margins remained stable. “

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Telecom

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
BHARTI	Revenues	187,294	191,445	162,930	184,767	The highlight of Q4FY12 performance was the increase in ARPU of 1.2% QoQ for the second consecutive quarter. Its voice RPM declined 1.6% QoQ while volumes beat forecast with a growth of 5.1% QoQ. The margins too expanded by 20bps QoQ to 34% and the management has assured that it would regain lost market share and improve margins further
	EBITDA	62,235	62,331	54,830	59,273	
	PAT	10,059	11,917	14,007	10,113	
IDEA	Revenues	53,697	54,291	42,347	50,308	Q4FY12 performance beat expectations with volume growth of 9.1%. Revenue growth of 6.7% QoQ was impacted adversely due to 2.7% QoQ decline in voice RPM. ARPU remained stable at INR 160, while the MOU increase of 2.7% QoQ to 379, suggests that Idea is gaining share from its larger peers.
	EBITDA	13,571	14,377	10,752	13,446	
	PAT	2,390	2,875	2,745	2,010	
RCOM	Revenues	53,100	52,029	78,761	50,520	Q4FY12 revenue at INR53.1bn was above our estimate. It reported volume growth of 3.1% QoQ, lower than Bharti's 5.1% and Idea's 9% while RPM declined 2% QoQ, in line with peers. It expects voice traffic to maintain the current pace of growth with stable RPM
	EBITDA	16,322	16,481	41,221	16,110	
	PAT	3,316	1,374	1,687	1,861	
Tulip	Revenues	6,617	6,769	6,382	6,866	TTSL reported disappointing Q4FY12 numbers with revenue declining 3.6% QoQ. EBITDA at INR1.7bn (down 10% YoY) was below our estimate of INR 1.86bn due to pricing pressure and cost increases. It expects margins to trend downwards further in the medium term and growth to remain muted.
	EBITDA	1,692	1,863	1,886	1,991	
	PAT	660	616	856	773	

Utilities

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Adani Enterprises	Revenues	106,370	93,369	91,116	90,380	Apart from losses in Adani Power, earnings dipped largely due to only 6.5MT of coal trading against the 9mFY12 average of ~9MT. EBIT margin was maintained at 8.2% as agro and other businesses offset decline in coal trading margins. Domestic coal MDO is near term trigger for the stock.
	EBITDA	10,858	14,310	15,636	13,976	
	PAT	2,945	5,897	9,282	4,073	
Adani Power	Revenues	9,983	11,712	8,556	10,595	Earnings were dented due to higher blend of expensive spot coal during the quarter leading to higher fuel cost (INR2.4/kwh). In light of high spot coal prices and reduced/delayed coal supplies from Bunyu/CIL, we believe management will honour only its minimum PPA commitments to minimise losses. Unless the fuel situation improves (volume and price) and/or tariffs are re-negotiated, earnings will be volatile.
	EBITDA	957	4,702	5,125	2,120	
	PAT	(3,011)	1,231	1,743	(214)	
CESC	Revenues	13,790	11,514	8,750	10,320	The recent tariff hike and higher-than-expected other/non-operating income helped the company post superior profit. We expect cash flows to be strained due to higher outgo towards 1.2GW expansion projects and Spencers' losses/capex. This could impact sentiment.
	EBITDA	4,320	2,933	2,460	2,130	
	PAT	2,660	1,559	1,120	740	
GMR Infrastructure	Revenues	19,483	19,965	19,620	19,993	GMR reported a loss which was higher than expected. Power division losses widened during the quarter (largely due to gas shortage); the airport and the EPC division which had been making operating profits till now have also made a loss this quarter.
	EBITDA	3,488	5,374	4,407	4,693	
	PAT	(1,243)	(460)	(10,067)	(360)	
GVK Power and Infra	Revenues	6,576	7,866	4,618	7,446	GVK Power reported a loss as a result of its high leverage and shortage of gas supply. Y-o-Y pax/traffic growth in BIAL, MIAL, and JKEL was 5%, 4% and 7%, respectively, while cargo registered (-2%) growth in BIAL.
	EBITDA	1,898	2,545	1,131	2,108	
	PAT	(229)	(208)	368	(145)	
JSW Energy	Revenues	20,812	19,700	14,393	17,687	Stable coal prices, together with firm merchant realisations backed by good operational performance and ancillary operating income, helped JSW Energy report higher PAT. With SEBs being prudent in power purchase and 1.3 GW Chhattisgarh expansion some time away, FY12-14 earnings may post ~120% CAGR (largely due to low base) and remain flat till further capacity addition.
	EBITDA	5,869	5,151	4,351	3,495	
	PAT	1,762	967	2,029	91	
Lanco Infratech	Revenues	33,762	26,591	20,549	30,290	Lanco reported a loss due to lower EPC EBIT margins, higher losses in Griffin and Lesser profits in Solar division. This was mitigated to some extent by increase in profitability in the power segment.
	EBITDA	3,767	6,093	3,984	6,028	
	PAT	(1,145)	574	2,159	512	
Adani Ports & SEZ	Revenues	6,419	6,624	6,051	6,906	Realizations were in line at INR340/t as superior margins (~71.3% against estimated 70%) offset volume dip. Also, the recent Gujarat High Court order is only an additional approval directive, hence, is unlikely to impact business. Moreover, other port projects are scheduled to get operational in FY13/FY14, implying better volumes and superior earnings growth in the coming years.
	EBITDA	4,575	4,634	4,369	4,814	
	PAT	3,239	3,057	2,508	3,589	
Navabharat Ventures	Revenues	2,443	2,505	2,755	2,336	Earnings from power business due to higher merchant realization of INR4.86/kwh (INR4/kwh estimates) and continued performance by ferro alloys division aided profits. Commissioning of pipeline domestic capacities and scale up at the Zambia mines will aid earnings going forward.
	EBITDA	911	568	506	398	
	PAT	652	441	489	398	

Quarterly Review

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
NTPC	Revenues	163,619	158,651	159,795	153,323	While the operational performance, aided by better coal supplies, improved PAFs and PLFs in Q4FY12, it was not sufficient as the annual performance still ended up gloomy. Capacity addition in XII Plan is expected to be ~14GW (including ~2GW of XI Plan), of which ~4GW each is expected come up in FY13E and FY14E. Capacity addition will taper down to ~2.5GW over subsequent years. Combined with the likely pressure on RoEs, this may depress earnings growth to less than 10%.
	EBITDA	42,107	38,023	42,793	29,075	
	PAT	21,181	24,132	27,993	21,728	
PTC India	Revenues	14,438	17,795	20,788	13,300	Earning were higher due to higher trading margins of 4.7 paise per kwh (estimates at 4.6 paise) and other income owing maturing FMPs. Long term trades are expected to revive the volume growth in FY13 post the commissioning of two tolling projects and final hearing of Karcham tariff. Payment from TNEB would be the key trigger.
	EBITDA	324	210	343	210	
	PAT	301	145	222	26	
Power Grid	Revenues	31,019	25,939	22,108	24,666	Results were inline after tax and foex related adjustments. Capex and commissioning in Q4 was exceptionally high at INR91bn and INR77bn against INR178bn and INR141bn for FY12, respectively. Based on 2mFY13 commissioning of INR25bn, management is targeting ~INR200bn in FY13. With strong regulatory support, management is confident of achieving INR 1 tn XII plan capex target.
	EBITDA	26,038	21,859	18,629	21,027	
	PAT	8,367	8,075	6,287	7,699	
Reliance Infra.	Revenues	57,316	40,783	23,298	44,777	Reliance Infrastructure continued the superior execution in EPC vertical. However, with delay in approvals for customers' projects and lack of order wins, revenue visibility is an issue amidst challenges in acquiring new orders due to regulatory issues
	EBITDA	6,173	6,573	2,613	6,518	
	PAT	4,110	4,377	3,187	4,065	
Tata Power	Revenues	72,348	69,014	50,155	66,599	Impairment provision for Mundra UMPP, forex MTM and deferred stripping costs impacted profitability. Operational performance of power (ex-Mundra) and coal entities was in line. Key, going forward, is the Mundra/Maithon operations/profitability and volume scale up at the coal mines.
	EBITDA	14,601	15,865	12,550	10,029	
	PAT	5,308	5,748	6,706	5,291	

Hospitality

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Cox and Kings	Revenues	2,678	2,773	1,587	2,846	CNK's Q4FY12 India business' performance was in line with expectation with revenue surging 24% YoY. However, revenue for Rest of the World (RoW) declined 17% YoY, which was a disappointment. Holiday Breaks (HBR) reported loss for the quarter, January-March being an off-season.
	EBITDA	72	235	826	227	
	PAT	(269)	(355)	461	(76)	
Indian Hotels	Revenues	5,602	5,710	5,309	5,215	IHCL reported disappointing Q4FY12 standalone and FY12 consolidated numbers. Both ARRs and ORs declined during the quarter across most major cities in India due to over supply. US properties continue to remain a concern, reporting losses in FY12.
	EBITDA	1,592	1,949	1,856	1,407	
	PAT	652	1,025	939	505	
Jubilant Foodworks	Revenues	2,830	2,930	1,937	2,770	JFL's Q4FY12 PAT at INR294mn was in line with our expectation. Same-store-sales (SSS) declined to 26.2%, lowest in past eight quarters. The company recently opened its first Dunkin Donuts store in Delhi with a competitively priced all-day dining menu.
	EBITDA	525	553	330	524	
	PAT	294	297	193	295	
Mahindra Holidays	Revenues	1,735	2,036	1,658	1,589	MHRIL reported Q4FY12 PAT at INR372mn, in line with our estimate. Net membership addition was strong at 5,468 members versus ~4,600 each in past two quarters and our expectation of 5,000. Further, it added 266 rooms in Q4FY12. Yet, full year addition of 425 rooms was far lower than initial expectation of 600
	EBITDA	515	546	599	398	
	PAT	372	373	402	265	

Quarterly Review

Miscellaneous

Stock	(INR mn)	Q4FY12	Estimate	Q4FY11	Q3FY12	Key highlights
Jindal Saw	Revenues	15,197	15,170	11,631	10,967	Jindal Saw's Q4FY12 revenue, at INR15.2bn, was exactly in line with our estimate. Pipe sales of 222KT (up 8.6% YoY) were marginally lower than our estimate of 227KT. EBITDA margin (INR9,253/mt) was higher than our expectation (INR8,491/mt) on back of better-than-expected margin in DI pipes segment.
	EBITDA	1,446	1,927	1,757	1,395	
	PAT	1,112	1,016	802	690	
PSL	Revenues	8,021	5,917	6,922	5,207	PSL's Q4FY12 standalone revenue at INR8.0bn (up 54.1% QoQ) exceeded our estimates due to higher pipe sales of 132KT against our assumption of 60KT. The company's standalone order book as on March 31, 2012 stands at INR26bn (management expects to execute the same in FY13).
	EBITDA	1,248	915	1,040	781	
	PAT	225	154	232	67	
Educomp Solution	Revenues	5,136	4,451	4,887	3,655	Educomp's Q4FY12 PAT of INR615mn, down 58% YoY, was marginally ahead of our expectation. SmartClass segment performed better than expected aided by a record 17,815 classroom additions. The other positive was sequential improvement in debtor days. However, K-12 margins slipped to 20% (35% in Q3FY12).
	EBITDA	1,476	1,456	2,052	963	
	PAT	615	572	1,457	246	
Gateway Distriparks Ltd	Revenues	492	525	554	563	Standalone revenues were lower than expectations due to lower realizations owing to lower dwell time (10 days against 12 days in Q3FY12) and increased competition. On the consolidated front, the rail business reported 51% YoY increase in throughput leading to PAT of INR74.7mn (+48% QoQ), a positive surprise.
	EBITDA	245	282	320	321	
	PAT	164	178	267	207	
Jet Airways	Revenues	40,416	39,507	32,322	39,392	JET reported standalone Q4FY12 loss of INR3.0bn, lower than our INR4.3bn expectation. This was primarily due to 390bps QoQ increase in EBITDAR margin to 9.2% (our expectation 6.1%), driven by lower employee cost and cost rationalisation steps initiated by the company.
	EBITDA	1,257	120	1,345	(365)	
	PAT	(2,981)	(4,265)	(1,244)	(1,011)	
Opto Circuits India	Revenues	6,627	6,380	5,445	6,113	Topline growth was mainly driven by 15% and 7% QoQ growth in the invasive and non invasive businesses, respectively. Disappointment in EBDITA margin (22% compared to average of 27% in 9mFY12) were mainly due to increase in raw material cost. Further, the company created deferred tax assets of INR771mn on Cardiac Science losses.
	EBITDA	1,465	1,767	1,190	1,711	
	PAT	2,093	1,244	1,111	1,252	
Supreme Industries	Revenues	7,686	7,939	6,625	7,697	Topline came in line with estimate largely driven by higher realisation growth. EBITDA margin stood at 13.6%, lower than our estimate of 14% due to lower margin in the consumer and industrial segment. The company has maintained its guidance of 20% topline growth, driven by 10% volume growth.
	EBITDA	1,048	1,111	837	1,203	
	PAT	493	547	395	614	
Sintex Industries	Revenues	10,237	13,290	14,640	11,608	Revenue and PAT were 22% and 7% below our estimate, respectively. The numbers disappoint mainly due to slowdown in monolithic and Europe custom moulding businesses. Management maintained its stance that with FCCB redemption due in March 2013, balance sheet strength is the key priority than topline growth.
	EBITDA	1,600	1,952	3,098	1,631	
	PAT	880	980	1,866	681	
VIP Industries	Revenues	1,809	1,908	1,679	2,240	VIP Industries (VIP) reported topline below our estimate primarily due to non purchase of luggage by CSD (25% of sales) in Feb and March. Margins were affected primarily due to depreciation of rupee, higher polypropylene prices and lower operating leverage.
	EBITDA	138	236	257	246	
	PAT	78	142	163	102	

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