INSTITUTIONAL EQUITY RESEARCH

PhillipCapital

Q4FY17 Results Preview

Broadly positive, more hits than misses

INDIA | Results Preview

11 April 2017

- **While growth expectations appear muted for IT services, pharma, and telecom, remonetisation tailwinds will drive a healthy 12% yoy topline growth in consumer (vs. nil in 3QFY17)**
- **PC coverage (145 stocks) universe's sales/EBITDA/PAT is likely to grow by 12%/6%/49% yoy:**
    - **Most of the profit growth is due to a low base in financials and metals (like in 3QFY17)**
    - **PAT ex-financials is likely to grow by about 8.3% yoy**
    - **PAT ex-financials and metals is likely to see only a marginal growth of 0.2%**

Our expectations from this results season are as follows:

Base effect to help metals, banks, and capital goods: Another strong quarter for metals with prices driving performance. Non-ferrous companies will see a sharp qoq jump in profitability led by higher prices, but ferrous companies (except Tata Steel) will not see this because of increasing coking coal costs. Banking will see sluggish NII growth, but strong earnings growth yoy because of a low base due to large NPA recognition under the Asset Quality Review Program initiated by the Reserve Bank of India. Margins will improve qoq because of declining costs of funds and nonexistence of interest reversal of S4A (scheme for sustainable structuring of stressed assets by the RBI) and SDR (Strategic Debt Restructuring) accounts. Capital goods will see moderate revenue growth on a muted base while operating leverage gains and lower provisioning will translate into higher earnings growth.

Demonetisation-hit sectors to post some recovery, but not enough: Our channel checks suggest that demand recovery in the consumer sector (after the demonetisation jolt) was quick and that demand for most products was back to normal in February and March, in both urban and rural areas. We expect most FMCG companies in the PC Universe to report 12% revenue and earnings growth, but margin pressures will continue to increase because of rising input costs. Key factors to watch – price hikes in and guidance on new product launches, which had taken a backseat after demonetisation, but are likely to accelerate in forthcoming quarters.

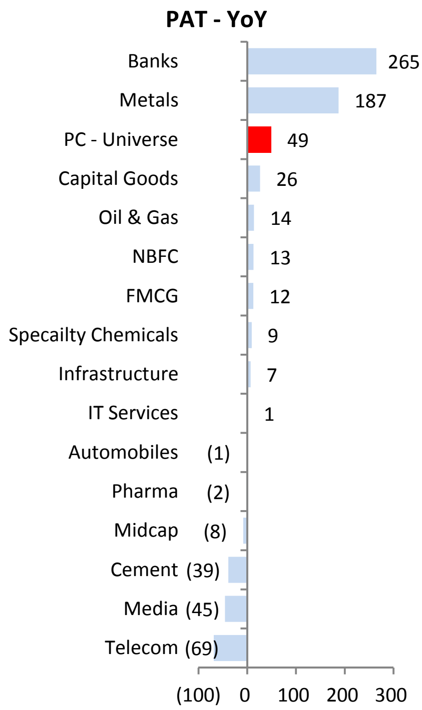
Growth woes in IT and pharma: Another muted quarter for Indian IT companies, impacted by recent sharp appreciation of INR/USD. ALL large-cap companies (except HCLT) will report CC revenue growth of less than 1.5% and 10-20bps negative cross-currency impact. Margins of all large-cap companies will also decline (by 20-50bps) due to lower growth and INR appreciation. Key to watch: Management commentary, especially outlook for FY18. We estimate flat revenue/earnings growth for our pharma coverage due to a high base (exclusivity launch during Q4FY16) and continuing pricing pressure on the US business.

Top result plays:

- **Positive**
    - Titan, GCPL, ITC, Colgate, Escorts
    - HCC, NCC, KNR, IRB Infra
    - Voltas, Wabag, Cummins, L&T
    - Aarti, Vinati
    - NIIT Tech
    - Glenmark, Biocon

- **Negative**
    - TCS, Tech Mahindra
    - Dr Reddy's, Cadilla Healthcare

PAT growth distribution: Q4FY17



Source: PhillipCapital India Research Estimates

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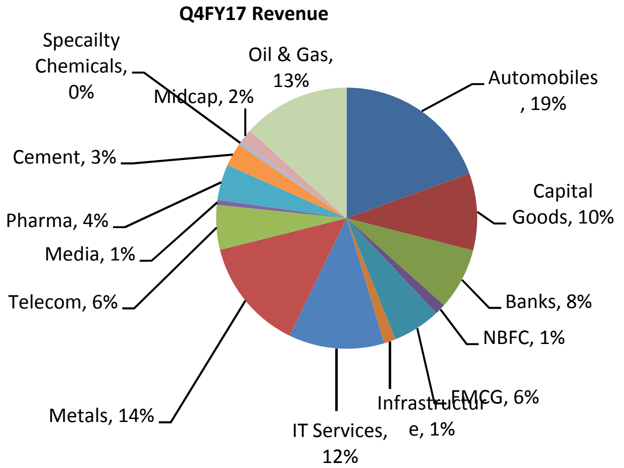
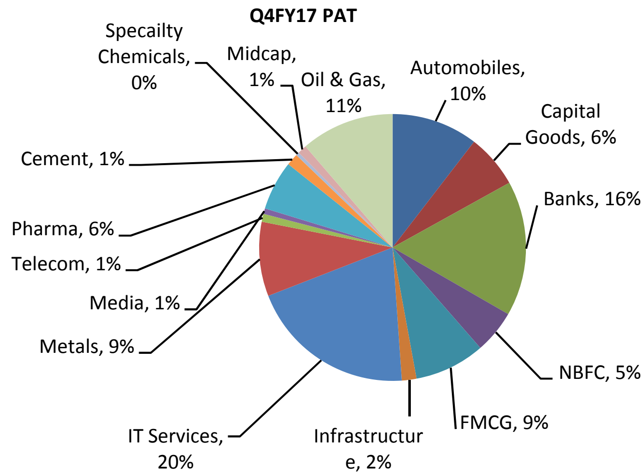
Earnings estimates

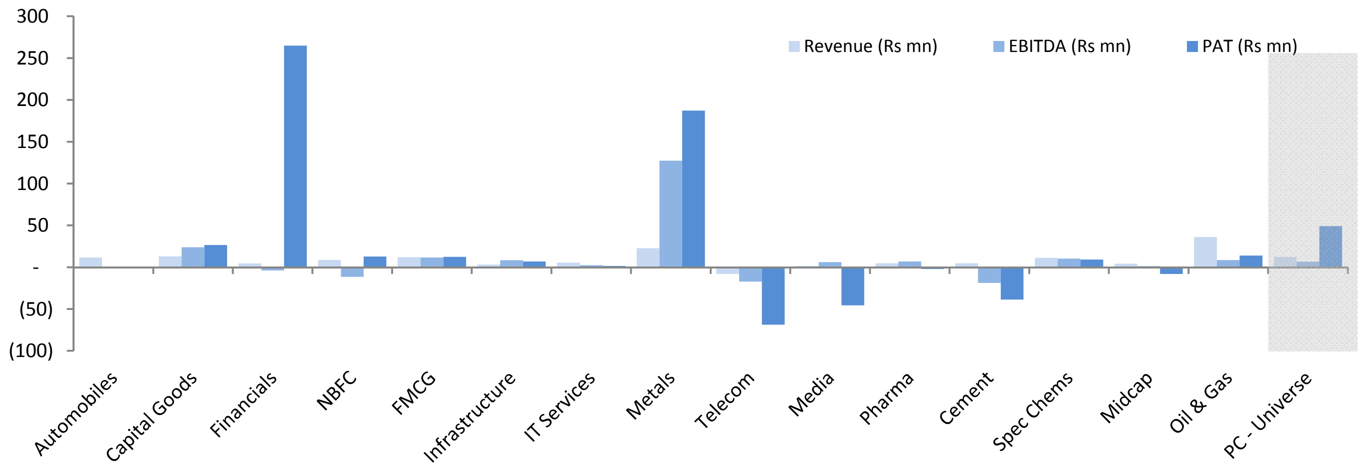
Sector (Rs bn)	Revenue					EBITDA					PAT				
	Q4FY17E	Q3FY17	qoq (%)	Q4FY16	yoy (%)	Q4FY17E	Q3FY17	qoq (%)	Q4FY16	yoy (%)	Q4FY17E	Q3FY17	qoq (%)	Q4FY16	yoy (%)
Automobiles	1,380	1,205	15	1,237	12	168	133	26	169	(1)	80	54	48	82	(1)
Capital Goods	677	473	43	599	13	82	43	89	66	24	50	23	117	40	26
Banks	542	524	3	519	4	441	460	(4)	459	(4)	126	116	9	(77)	265
NBFC	94	87	8	87	9	76	70	8	86	(12)	40	35	14	36	13
FMCG	423	390	8	378	12	98	87	12	87	12	66	61	8	59	12
Infrastructure	103	89	15	100	3	30	28	7	28	8	14	13	4	13	7
IT Services	840	836	0	797	5	201	202	(1)	196	2	156	158	(2)	153	1
Metals	986	885	11	803	23	209	166	26	92	127	69	48	43	24	187
Telecom	393	398	(1)	428	(8)	124	127	(2)	150	(17)	7	22	(66)	24	(69)
Media	42	44	(4)	41	1	11	13	(15)	10	6	5	6	(16)	10	(45)
Pharma	314	313	0	300	5	79	80	(1)	74	7	46	46	(0)	47	(2)
Cement	205	177	16	195	5	30	30	1	37	(19)	11	13	(12)	18	(39)
Specailty Chemicals	34	33	3	31	11	7	6	12	6	10	3	3	13	3	9
Midcap	118	107	10	113	4	16	14	15	15	1	8	7	16	9	(8)
Oil & Gas	944	892	6	694	36	137	131	4	126	8	87	84	4	77	14
PC - Universe	**7,095**	**6,454**	**9.9**	**6,322**	**12.2**	**1,707**	**1,590**	**7.4**	**1,602**	**6.6**	**770**	**691**	**11.5**	**516**	**49.1**
PC - Uni. (Ex. BFSI)	**6,553**	**5,930**	**10.5**	**5,803**	**12.9**	**1,266**	**1,130**	**12.1**	**1,143**	**10.8**	**644**	**575**	**12.0**	**593**	**8.6**

Sector-wise contribution to revenue and PAT for Q4





Revenue, EBITDA, PAT growth (yoy)



Source: PhillipCapital India Research Estimates

Sector-wise outlook

Sector	Key observation/ outlook	Earnings plays
Auto	2Ws/CVs to feel the heat of BS3 inventory clearance sale	Escorts
	Margins could surprise negatively given higher RM and promotions	
Banking	Weak credit growth to continue to keep pressure on NII growth, especially for PSU banks	
	Reduction in base rate and interest reversal to keep NIMs under pressure	
	Asset quality to remain under pressure as slippages from restructured loans continue to flow	
FMCG	Recovery in growth after demonetisation	(-) All FMCGs - Higher impact on Colgate, Asian Paints
	Significant rise in sugar/wheat prices/crude prices	(-) Britannia, GSK Consumer, Asian Paints, Bajaj Corp, Nestle
Capital Goods	Moderate growth in revenue on a low base last year	Positive: Voltas, Wabag, Cummins, L&T
	EBITDA margins to improve yoy on operating leverage and lower provisioning	Negative: NA
IT Services	Muted expectations - negative CC impact	Negative: TCS, TechM
	Margins to decline for most companies due to INR appreciation	Positive: NIIT Tech
	Guidance by Infosys and Wipro will be keenly watched	
	Management commentary on CY17 client budgets will be of utmost importance	
Infrastructure	Decent revenue growth for most companies - growth for few impacted by weak orderbook	Negative: ITD Cementation
	Traffic growth for BOT companies to show sharp rebound after demonetisation	Positive: HCC, NCC, KNR, IRB Infra
	Margins to remain stable – yoy and qoq	
	Earnings growth driven by EBITDA growth and lowering of interest expense	
Media	Yet another forgettable quarter - Ad revenue was severely impacted due to cut in discretionary spend by consumer companies. However, normal growth should resume from Q1FY18	
	Zee TV to report muted numbers due to lower revenue from sports business and disruption in Bangladesh and Nigeria markets. Domestic subscription revenue growth should also be muted due to fewer deal signings	
	Print media companies will report subdued numbers due to negative impact of demonetisation on ad spends	
	Circulation revenue to grow in mid-single digits primarily led by increased volumes	
Metals	Strong quarter with prices driving performance	Tata Steel, Hindalco
	Non-ferrous companies to see a sharp qoq jump in profitability led by higher prices. Ferrous companies (except Tata Steel) will not show a similar jump, given increasing coking coal costs. Tata Steel's qoq profitability will be driven by a strong bounce-back in European operations' profits and the improving profitability of its India operations due to its raw-material integration	
Pharmaceuticals	We estimate flat growth for our coverage universe due to a high base effect of exclusivity launch in Q4FY16 and continuing pricing pressure in the US business	Positive: Glenmark Pharma – Healthy US sales (60% CC growth/ 54% INR growth) supported by gZetia exclusivity will help overall earnings to grow by 68%
	Domestic formulations will see better growth than IPM growth	Positive: Biocon – Strong operating performance will help deliver strong earnings growth of 21%
		Negative: Dr Reddy's Lab – Weak US sales (-18% yoy) and muted performance in domestic businesses will lead to a 29% decline in earnings
		Negative: Cadila Healthcare – Pricing pressure on the US business and moderate growth in EM will lead to a 9% decline in earnings
Specialty Chem	Our universe to see 11% growth led by the steady volume and value growth	Positive Aarti: Better product mix and global leadership in process will help maintain growth
	Lower input cost, rising crude prices, and focus on value-added products will help sustain strong margins across the sector	Positive Vinati: Recovery in high margin ATBS business will boost profitability
	We estimate our universe to deliver PAT growth of 9% in Q4FY17	Negative Atul: Pricing pressure in key business segment - colours, agrochems - will suppress overall profitability
Telecom	For Bharti and Idea, JIO's free service offering for yet another quarter will negatively impact operating performance	
	Another quarter of qoq fall in both voice and data realisations. However, voice volume growth will be 7-8% qoq due to higher share of incoming minutes from	

	JIO's customers. Sector profitability will also be impacted by increased depreciation and interest outgo
	Bharti Infratel to benefit from robust tenancy addition from JIO
	TCOM's financial performance to improve sequentially due to improved performance in data and TCPSL business

Source: PhillipCapital India Research

Automobiles

Earnings Estimates

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
Maruti Suzuki						• Revenue growth led by 15% volume growth
Revenues	182867	168648	8.4%	153057	19.5%	• EBITDA margin down qoq due to additional costs relating to Gujarat plant
EBITDA	26361	24890	5.9%	23500	12.2%	
EBITDA margin (%)	14.4%	14.8%		15.4%		
PAT	18370	17445	5.3%	11336	62.1%	
EPS (Rs)	61	58	5.3%	38	62.1%	
Tata Motors - JLR						• 6%/14% yoy volume/realization growth leads to growth in revenues
Revenues	7890	6537	20.7%	6594	19.7%	• See JLR adjusted margins at 12.7% vs. 9.3% qoq as mix improves and operating leverage helps
EBITDA	999	611	63.5%	903	10.6%	
EBITDA margin (%)	12.7%	9.3%		13.7%		
PAT	461	167	176.2%	414	11.4%	
EPS (Rs)						
Tata Motors (Standalone)						• 3% yoy standalone volume growth and 8% realization drop leads to 6% yoy decline in revenues
Revenues	118237	102199	15.7%	125698	-5.9%	• Margins to be nearly zero as higher discounts eat into profits
EBITDA	287	1534	-81.3%	10217	-97.2%	
EBITDA margin (%)	0.2%	1.5%		8.1%		
PAT	-11379	-10459	8.8%	4650	-344.7%	
EPS (Rs)	-4	-3		1		
Mahindra & Mahindra						• Total volume grew by 2% yoy mainly as tractors improved by 16% and automotive declined by 2% yoy
Revenues	100355	105868	-5.2%	101602	-1.2%	• Margins to contract 120bps qoq as tractor segment contribution decreases
EBITDA	12567	14495	-13.3%	11994	4.8%	
EBITDA margin (%)	12.5%	13.7%		11.8%		
PAT	6480	8011	-19.1%	5981	8.3%	
EPS (Rs)	11	13	-18.5%	10	8.7%	
Ashok Leyland						• Revenue growth of 11% yoy led by 8% yoy growth in volumes
Revenues	65930	44309	48.8%	59553	10.7%	• EBITDA margin contract 30bps qoq due to higher discount
EBITDA	6599	4543	45.3%	7531	-12.4%	
EBITDA margin (%)	10.0%	10.3%		12.6%		
PAT	3748	1859	101.6%	770	386.6%	
EPS (Rs)	1	1	101.6%	0	386.6%	
Bajaj Auto						• Revenues decline led by volumes
Revenues	47503	50669	-6.2%	54114	-12.2%	• Margins to fall 80bps qoq as weak mix and operating leverage hurts
EBITDA	9419	10439	-9.8%	11515	-18.2%	
EBITDA margin (%)	19.8%	20.6%		21.3%		
PAT	8523	9246	-7.8%	8031	6.1%	
EPS (Rs)	29	32	-7.8%	28	6.1%	
Hero MotoCorp						• Total volumes down 7% yoy leading to revenue dip
Revenues	70207	62459	12.4%	73852	-4.9%	• Margins down 190bps qoq led by higher discounting activity
EBITDA	10786	10797	-0.1%	11758	-8.3%	
EBITDA margin (%)	15.4%	17.3%		15.9%		
PAT	7723	7720	0.0%	8142	-5.1%	
EPS (Rs)	39	39	0.0%	41	-5.1%	
Apollo Tyres						• Revenues growth on lower EU base
Revenues	33773	34579	-2.3%	29897	13.0%	• EBITDA margin to decline by 50bps qoq due to higher rubber prices
EBITDA	4,694	4,993	-6.0%	4,773	-1.7%	
EBITDA margin (%)	13.9%	14.4%		16.0%		
PAT	2,575	2,957	-12.9%	2,452	5.0%	
EPS (Rs)	5	6	-13.0%	5	5.0%	
Bharat Forge						• Revenue rise led by exports pick up
Revenues	11075	9437	17.4%	10080	9.9%	• Margins to be marginally higher qoq on operating leverage
EBITDA	3124	2606	19.9%	2982	4.8%	
EBITDA margin (%)	28.2%	27.6%		29.6%		
PAT	1639	1286	27.4%	1645	-0.4%	
EPS (Rs)	7	6	27.4%	7	-0.4%	

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
Mahindra CIE						• Revenue of European business to be flattish, but BillForge consolidation will lead to revenue growth • European business to improve 30bps qoq • Numbers are not comparable due to consolidation of BillForge from Q4CY16
Revenues	14375	13300	8.1%	13269	8.3%	
EBITDA	1598	1502	6.4%	1420	12.5%	
EBITDA margin (%)	11.1%	11.3%		10.7%		
PAT						
EPS (Rs)						
Ceat						• EBITDA margins to contract 50bps qoq led by higher cost RM
Revenues	15389	13976	10.1%	14592	5.5%	
EBITDA	1623	1535	5.7%	1949	-16.8%	
EBITDA margin (%)	10.5%	11.0%		13.4%		
PAT	791	788	0.4%	1039	-23.9%	
EPS (Rs)	19	19	0.4%	26	-23.9%	
Escorts						• Strong revenue growth led by 25% tractor volume growth • Margins to remain stable qoq as cost-cutting measures and strong volumes lead to construction breakeven
Revenues	10040	10929	-8.1%	8047	24.8%	
EBITDA	823	915	-10.1%	388	112.1%	
EBITDA margin (%)	8.2%	8.4%		4.8%		
PAT	493	556	-11.3%	296	66.9%	
EPS (Rs)	4	5	-11.3%	2	66.9%	

Banking

Earnings Estimates

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
Andhra Bank						• NII to grow qoq due to non-existence of interest reversal on SDR and S4A in Q4 vs. Q3. NII to fall yoy due to one-time gain of Rs 1.7bn (interest on income tax refund) last year. • Non-interest income to remain muted, fee income to grow in line with b/s. • Asset quality to remain under pressure due to NPA recognition.
Net Interest Income	13,965	12,180	14.7%	15,001	-6.9%	
Pre-provision profit	9,635	9,104	5.8%	11,734	-17.9%	
PAT	835	567	47.3%	516	61.8%	
Net Interest Margin (%)	3.00	2.66	0.34	3.20	-0.20	
EPS (Rs)	1.2	0.8	55.2%	0.8	55.2%	
Axis Bank						• NII to fall due to increasing pressure on NIM with non-accrual of interest and muted loan growth. NII to rise qoq as Q3 saw Rs 3.2bn of interest reversal on SDR & S4A a/c. • Expect a slippage of Rs 40bn in Q4 vs. Rs 42bn in Q3. • Credit costs to remain elevated due to increase in NPAs from watch list.
Net Interest Income	45,071	43,337	4.0%	45,526	-1.0%	
Pre-provision profit	41,433	46,402	-10.7%	43,985	-5.8%	
PAT	6,625	5,796	14.3%	21,543	-69.2%	
Net Interest Margin (%)	3.65	3.43	0.22	3.97	-0.32	
EPS (Rs)	2.8	2.4	14.3%	9.0	-69.3%	
Bank of Baroda						• Overseas credit to grow qoq after reduction for five straight quarters. Overall book to see qoq growth as well. • Full-year slippage and recovery guidance of Rs 150/100bn intact after adjusting for inter-quarter upgrades. Hence, slippage for Q4 to be ~Rs 40bn. • NIM to improve qoq as Q3 saw interest reversal of Rs 2.6bn due to capitalisation of interest for SDR & S4A a/c.
Net Interest Income	33,970	31,344	8.4%	33,304	2.0%	
Pre-provision profit	26,825	25,952	3.4%	25,725	4.3%	
PAT	5,494	2,527	117.5%	(32,301)	-	
Net Interest Margin (%)	2.15	2.06	0.09	2.15	0.00	
EPS (Rs)	2.4	1.1	117.5%	(14.0)	-	
Bank of India						• NII to rise qoq, but weak credit growth to keep it lower yoy. • Fee income to remain weak, treasury gains to drive non-interest income. The bank sold its 5% stake in CIBIL for Rs 1.9bn. • NPA provisions to remain high due to higher asset-quality stress; impacting profitability
Net Interest Income	29,290	28,626	2.3%	31,872	-8.1%	
Pre-provision profit	24,993	24,584	1.7%	14,642	70.7%	
PAT	1,395	1,017	37.1%	(35,871)	-	
Net Interest Margin (%)	2.25	2.21	0.04	2.06	0.19	
EPS (Rs)	13.2	9.6	37.1%	(43.9)	-	
Canara Bank						• Decline in cost of fund and non existence of interest reversal on SDR and S4A a/c to drive NII qoq/yoy. Interest reversal due to capitalisation of SDR & S4A a.c in Q3 was Rs 2bn. • Non-interest income will be driven by strong treasury gains of Rs 7.14bn due to 13.45% stake sale in Canfin Home Finance. • Asset quality to remain stable due to higher recovery and upgrades.
Net Interest Income	26,111	24,138	8.2%	23,738	10.0%	
Pre-provision profit	23,588	19,813	19.1%	16,466	43.3%	
PAT	6,441	3,219	100.1%	(39,055)	-116.5%	
Net Interest Margin (%)	2.30	2.19	0.11	2.19	0.11	
EPS (Rs)	11.9	5.9	100.1%	(71.9)	-116.5%	
DCB Bank						• Credit off-take will remain strong, leading to strong NII growth. • NIM to remain stable as benefit of low-cost fund continues. • Asset quality likely to remain stable. Better recovery in NPA accounts.
Net Interest Income	2,193	2,095	4.7%	1,687	30.0%	
Pre-provision profit	1,183	1,093	8.3%	970	21.9%	
PAT	595	513	16.0%	695	-14.4%	
Net Interest Margin (%)	3.95	3.95	0	3.94	0.01	
EPS (Rs)	2.1	1.8	16.2%	2.4	-14.5%	
HDFC Bank						• Traction in NII continues, driven by credit growth. • Improvement in cost-to-income ratio to drive operating profit. • Decline in credit-cost on qoq basis, driven by recovery.
Net Interest Income	87,204	83,091	5.0%	74,533	17.0%	
Pre-provision profit	68,266	66,093	3.3%	57,349	19.0%	
PAT	40,519	38,653	4.8%	33,742	20.1%	
Net Interest Margin (%)	4.20	4.10	0.1	4.30	-0.10	
EPS (Rs)	15.8	15.1	4.6%	13.3	18.6%	
ICICI Bank						• Domestic driven credit growth to provide some respite to weak NII. Declining NIM trajectory continues due to non- accrual on interest on NPA a/c. • Slippages to remain elevated at ~ Rs80bn • Watch list to witness significant reduction owing to slippage. • Recovery in some watch list a/c deferred to next fiscal.
Net Interest Income	53,234	53,634	-0.7%	54,045	-1.5%	
Pre-provision profit	51,636	55,239	-6.5%	71,075	-27.3%	
PAT	21,187	24,418	-13.2%	7,019	201.9%	
Net Interest Margin (%)	3.05	3.12	-0.07	3.37	-0.32	
EPS (Rs)	3.6	4.2	-13.2%	1.2	201.6%	
Indian Bank						• RAM to remain a focused area for growth. • Credit to remain flat yoy but NIM to improve due to decline in cost of deposit. Credit to witness improvement on qoq basis. • Moderating trend in slippages to continue, asset quality to remain stable.
Net Interest Income	12,935	12,466	3.8%	11,346	14.0%	
Pre-provision profit	9,531	10,212	-6.7%	8,274	15.2%	
PAT	3,534	3,735	-5.4%	845	318.3%	
Net Interest Margin (%)	2.65	2.52	0.1	2.38	0.27	
EPS (Rs)	7.4	7.8	-5.4%	1.8	318.3%	

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
Indusind Bank						• Loan growth to surpass industry growth by huge margin
Net Interest Income	16,740	15,784	6.1%	12,682	32.0%	• Declining cost of funds to boost NIM.
Pre-provision profit	14,546	13,633	6.7%	11,512	26.4%	• Collection efficiency across retail products was satisfactory
PAT	8,087	7,506	7.7%	6,204	30.4%	
Net Interest Margin (%)	4.00	4.00	0	3.94	0.06	
EPS (Rs)	13.5	12.6	7.7%	10.4	29.8%	
OBC						• NII to increase qoq. One time interest reversal in Q3 was Rs 2.4bn.
Net Interest Income	12,589	10,820	16.4%	13,537	-7.0%	• Fee income to remain weak, while treasury gains to drive non-interest income
Pre-provision profit	11,176	12,801	-12.7%	8,787	27.2%	
PAT	1,173	(1,300)	-190.2%	216	-	• Asset quality to remain stable
Net Interest Margin (%)	2.40	2.14	0.26	2.65	-0.25	
EPS (Rs)	3.4	(3.8)	-190.2%	0.7	-	
Punjab National Bank						• NII to see strong growth yoy due to a low base. NIM to improve qoq.
Net Interest Income	38,400	37,308	2.9%	27,677	38.7%	• Loan book to decline yoy due to base effect but see qoq growth.
Pre-provision profit	31,280	31,546	-0.8%	32,279	-3.1%	• Recovery to surpass slippage leading to reduction in gross and net NPA. Slippage to be Rs 60bn and recovery will be better that Q3.
PAT	4,710	2,072	127.3%	(53,671)	-108.8%	
Net Interest Margin (%)	2.50	2.33	0.2	2.60	-0.10	• Slippage and recovery contained at Q2 level
EPS (Rs)	2.2	1.0	127.3%	(27.3)	-108.1%	
State Bank of India						• Declining NIM to take toll on NII growth. Credit growth 3% yoy driven by mortgages.
Net Interest Income	148,320	147,515	0.5%	152,908	-3.0%	
Pre-provision profit	108,828	125,433	-13.2%	141,919	-23.3%	• Provision to decline yoy, thus driving profitability.
PAT	23,680	26,100	-9.3%	12,638	87.4%	• Slippage to be on expected lines at Rs 110bn.
Net Interest Margin (%)	2.75	2.78	-1.1%	2.96	-0.21	
EPS (Rs)	3.1	3.4	-9.3%	1.6	87.4%	
Union Bank						• Loan growth remains subdued. NIM to remain under pressure yoy.
Net Interest Income	21,889	21,366	2.4%	20,847	5.0%	• Non-interest income to be driven by 5% stake sale in CIBIL amounting to Rs 1.9bn.
Pre-provision profit	17,764	18,513	-4.0%	14,096	26.0%	
PAT	1,852	1,040	78.1%	961	92.7%	• See slippage at Rs 30bn; no major development in recovery.
Net Interest Margin (%)	2.25	2.01	0.24	2.32	-0.07	• Gross and net non-performing ratios to increase.
EPS (Rs)	2.7	1.5	78.1%	1.4	92.7%	
HDFC Limited						• Strong loan growth. Fresh demand in LRDs segment.
Net Interest Income	30,127	26,688	12.9%	26,300	14.6%	• Cost of funds to decline, aiding NIM.
Pre-provision profit	30,637	26,482	15.7%	41,879	-26.8%	• Asset quality to remain stable.
PAT	19,656	17,012	15.5%	18,379	6.9%	• Q4 PAT includes profit on sale of stake in life insurance business. Excluding the one-offs, PAT growth is 7% yoy.
Net Interest Margin (%)	3.80	3.95	-0.15	3.90	-0.10	
EPS (Rs)	12.4	10.7	15.5%	16.5	-24.9%	
Shriram Transport Fin						• Moderation in NII growth led by lower disbursement and interest reversal
Net Interest Income	13,536	14,121	-4.1%	14,438	-6.2%	
Pre-provision profit	10,551	11,398	-7.4%	10,739	-1.8%	• Operating profit growth to trend in line with top line growth
PAT	2,990	3,460	-13.6%	1,439	107.8%	• Higher provisioning due to transition to 120dpd to impact earnings
Net Interest Margin (%)	7.0	7.5	-0.46	8.3	-1.30	• NIMS to see slight contraction due to higher interest reversal
EPS (Rs)	13.2	15.2	-13.6%	6.3	107.8%	
LIC Housing Finance						• Loan growth strong. Fresh sanction gaining traction due to cut in mortgage rates across players.
Net Interest Income	10,061	9,154	9.9%	8,214	22.5%	
Pre-provision profit	8,578	8,109	5.8%	7,319	17.2%	• NIM to improve marginally as cost of funds will decline more than yield on loans.
PAT	5,288	4,993	5.9%	4,480	18.0%	
Net Interest Margin (%)	2.85	2.75	0.10	2.71	0.14	• Asset quality likely to remain stable
EPS (Rs)	10.5	9.9	5.9%	8.9	18.0%	
Repco Home Finance						• Loan growth to improve a bit, but will remain lower than its March average due to weak sanctions because of demonetisation.
Net Interest Income	997.0	906.8	9.9%	851.9	17.0%	
Pre-provision profit	2,837.2	2,642.4	7.4%	2,400.2	18.2%	• NIM to remain stable, as declining cost of funds will compensate for lower yields on loans.
PAT	496.8	452.3	9.8%	422.2	17.7%	
Net Interest Margin (%)	4.4	4.2	0.20	4.6	-0.15	• GNPA to decline qoq, but remain high yoy due to slow recovery.
EPS (Rs)	8.0	7.4	7.4%	6.8	18.0%	
Bharat Financial Incl.						• Disbursement flat yoy but gross loan portfolio to increase by 17% yoy to Rs 90bn.
Net Interest Income	2,559	2,377	7.6%	1,890	35.4%	
Pre-provision profit	1,644	1,475	11.4%	1,252	31.3%	• We see 3% GNPA and given the company policy of 50% provision, the credit cost is likely to erode earnings.
PAT	518	1,435	-63.9%	852	-39.2%	
Net Interest Margin (%)	10.28	9.34	0.9	9.60	0.69	
EPS (Rs)	3.8	10.4	-63.9%	6.7	-44.0%	

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
Cholamandalam Fin.						• Moderate AUM growth and 25bps qoq improvement in NIMs to drive 5% growth • With relatively higher opex increase, op growth to be even lower • Higher provisioning in LAP / vehicle portfolio • NIMs contracts marginally
Net Interest Income	6,284	6,040	4.0%	5,994	4.8%	
Pre-provision profit	3,708	3,511	5.6%	3,948	-6.1%	
PAT	1,848	1,624	13.8%	1,920	-3.8%	
Net Interest Margin (%)	7.6	7.4	0.25	8.0	-0.40	
EPS (Rs)	11.8	10.4	13.8%	12.3	-3.8%	
Mah & Mah Finance						• Higher collection cost to keep opex higher, hence Operating profit declines • Unfavourable base to impact growth; higher recovery to keep credit cost low • Higher interest reversal to keep NIMs under pressure
Net Interest Income	9,724	7,463	30.3%	10,010	-2.9%	
Pre-provision profit	5,355	3,948	35.6%	6,793	-21.2%	
PAT	2,660	-157	-1798.7%	3,701	-28.1%	
Net Interest Margin (%)	8.5	6.7	1.80	9.9	-1.40	
EPS (Rs)	4.7	-0.3	-1798.7%	6.6	-28.2%	
Shriram City Union Fin						• Stable AUM and NIMs to drive yoy growth; interest reversal to impact qoq growth • Operating profit growth to be in line with NII growth • Transition to 120dpd will have a marginal impact on earnings, as PCR remains strong • Adjusted NIMs to remain stable as yields remain unchanged and cost declines marginally
Net Interest Income	7,499	7,624	-1.6%	6,223	20.5%	
Pre-provision profit	4,434	4,653	-4.7%	3,425	29.5%	
PAT	1,276	1,577	-19.1%	555	130.0%	
Net Interest Margin (%)	13.2	13.9	-0.68	12.9	0.30	
EPS (Rs)	19.4	23.9	-19.1%	8.4	129.7%	
Manappuram Finance						• Strong growth in AUM to drive NII growth • Operating leverage to drive higher growth at the operating level • Lower provision cost – due to healthy asset quality – to further drive earnings growth • Stable yields and lower cost of funds to drive improvement in NIMs.
Net Interest Income	5,833	5,803	0.5%	4,145	40.7%	
Pre-provision profit	3,474	3,493	-0.5%	2,143	62.2%	
PAT	2,381	2,036	16.9%	1,306	82.3%	
Net Interest Margin (%)	15.6	16.0	-0.48	15.1	0.48	
EPS (Rs)	2.8	2.4	16.9%	1.6	79.9%	
Muthoot Finance						• Unfavourable base (higher NIMs in Q4FY16) to lead to a fall in NII • Lower NII growth and higher fixed opex to lead to higher decline in operating profit • Favourable base due to higher provision cost last year will drive earnings growth • Higher auctions in Q4FY16 led to higher yields last year
Net Interest Income	7,634	7,255	5.2%	8,652	-11.8%	
Pre-provision profit	4,836	4,495	7.6%	6,049	-20.1%	
PAT	3,173	2,911	9.0%	2,652	19.6%	
Net Interest Margin (%)	11.1	10.7	0.47	14.0	-2.89	
EPS (Rs)	7.9	7.3	9.0%	6.6	19.5%	

Source: Company, PhillipCapital India Research

Capital Goods & Engineering

Earnings Estimates

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
ABB India						• Discrete Automation and Power Grids segments to drive execution, yoy growth • Discrete Automation and Power Grids margins better yoy • EBITDA margin to be driven by operating leverage benefits • Transition to IND-AS may lead to variation in ABB's 1QCY17 results
Revenues	23,141	24,915	-7.1%	20,003	15.7%	
EBITDA	2,095	2,819	-25.7%	1,571	33.4%	
EBITDA margin (%)	9.1%	11.3%	-226bps	7.9%	120bps	
PAT	1,047	1,468	-28.7%	766	36.7%	
EPS (Rs)	4.9	6.9	-28.7%	3.6	36.7%	
GETD						• Transition to IND-AS will render yoy meaningless due to lack of base numbers • Sales growth aided by a pick up in execution (Champa-Kurukshetra Phase 2 HVDC project started) and low base last year • EBITDA margins to improve on gross margin expansion
Revenues	12,197	11,645	4.7%	9,715	25.5%	
EBITDA	1,107	744	48.8%	850	30.3%	
EBITDA margin (%)	9.1%	6.4%	269bps	8.7%	33bps	
PAT	760	443	71.5%	299	154.3%	
EPS (Rs)	3.0	1.7	71.5%	1.2	154.3%	
BHEL						• Sales growth driven by pick up in execution on a weak base • Expect strong expansion in margins despite wage hikes due to lower provisioning and operating leverage benefits • Order inflows likely to be weak; it announced only Rs 15bn orders in 4Q vs. Rs 119bn yoy
Revenues	113,722	63,254	79.8%	100,048	13.7%	
EBITDA	8,099	2,239	261.8%	3,638	122.6%	
EBITDA margin (%)	7.1%	3.5%	358bps	3.6%	349bps	
PAT	6,652	946	602.9%	3,655	82.0%	
EPS (Rs)	2.7	0.4	602.9%	1.5	82.0%	
Crompton Greaves						• Execution to be driven by industrial systems • Margins to improve 60bps yoy driven by power systems margins, partly offset by higher unallocated corporate expenses • Higher interest costs and lower other income will drag profitability
Revenues	13,337	11,601	15.0%	12,053	10.7%	
EBITDA	1,038	766	35.5%	862	20.4%	
EBITDA margin (%)	7.8%	6.6%	118bps	7.2%	63bps	
PAT	718	757	-5.2%	1,134	-36.7%	
EPS (Rs)	1.1	1.2	-5.2%	1.8	-36.7%	
Cummins India						• Strong yoy sales driven by domestic power gen, industrial, and exports on a low base • EBITDA margin to remain flat as operating leverage benefits will be neutralised by contraction in gross margin due to change in sales mix
Revenues	13,344	13,550	-1.5%	10,614	25.7%	
EBITDA	2,243	2,265	-1.0%	1,773	26.5%	
EBITDA margin (%)	16.8%	16.7%	9bps	16.7%	10bps	
PAT	2,072	1,981	4.6%	1,670	24.1%	
EPS (Rs)	7.5	7.1	4.6%	6.0	24.1%	
Engineers India						• Revenue growth to be driven by strong turnkey revenues on a low base • Margin expansion to be driven by turnaround in turnkey segment on lower provisioning and operating leverage benefits, despite contraction in consultancy margin • Order inflows to be strong in 4Q driven by Rs 25bn orders from the HPCL Vizag refinery-modernisation order
Revenues	3,844	3,250	18.3%	2,864	34.2%	
EBITDA	583	809	-27.9%	394	48.0%	
EBITDA margin (%)	15.2%	24.9%	-973bps	13.8%	141bps	
PAT	759	850	-10.7%	699	8.5%	
EPS (Rs)	2.3	1.3	78.5%	1.0	117.0%	
Inox Wind						• Deliveries to pick up after a weak 1H, as production of components now in sync with delivery schedule • Margin to shrink on a yoy contraction in gross margins • Interest expenses should increase 60% yoy on continued weak working capital management
Revenues	22,927	11,606	97.5%	18,287	25.4%	
EBITDA	3,800	1,810	110.0%	3,147	20.8%	
EBITDA margin (%)	16.6%	15.6%	98bps	17.2%	-63bps	
PAT	2,496	1,051	137.6%	2,116	18.0%	
EPS (Rs)	11.2	4.7	137.6%	9.5	18.0%	
KEC International						• Yoy financials not comparable due to transition to IND-AS; Saudi JV now part of standalone financials • Margins to improve led by tower business in international subsidiary (SAE) and contract-completion margins • Transition to IND-AS led to 42% increase in 9MFY16 tax expenses compared to I-GAAP; expect similar impact in 4Q
Revenues	25,752	19,123	34.7%	25,586	0.6%	
EBITDA	2,351	1,818	29.3%	2,229	5.5%	
EBITDA margin (%)	9.1%	9.5%	-38bps	8.7%	42bps	
PAT	925	626	47.8%	850	8.8%	
EPS (Rs)	3.6	2.4	47.8%	3.3	8.8%	
Larsen & Toubro						• Transition to IND-AS will make yoy meaningless (no base numbers). • Expect a strong growth in order inflows driven by hydrocabron orders from the Middle East
Revenues	374,986	262,870	42.7%	328,643	14.1%	
EBITDA	52,561	25,227	108.4%	44,513	18.1%	
EBITDA margin (%)	14.0%	9.6%	442bps	13.5%	47bps	
PAT	28,743	11,534	149.2%	23,329	23.2%	
EPS (Rs)	30.8	12.4	149.3%	25.0	23.1%	

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
Siemens						• 18% yoy growth in sales and a 70bps improvment in margin excluding low-margin healthcare business • Order infows growth to be strong driven by Rs 16.8bn Pugulur-Riachur HVDC order from PGCIL. It has announced Rs 29bn ordering in Q4 vs. Rs 2.7bn yoy • Transition to IND-AS resulted in 2% lower profit vs. IGAAP in 1QFY16.
Revenues	27,615	22,933	20.4%	27,836	-0.8%	
EBITDA	3,224	2,337	38.0%	3,062	5.3%	
EBITDA margin (%)	11.7%	10.2%	148bps	11.0%	68bps	
PAT	2,126	1,600	32.9%	1,774	19.8%	
EPS (Rs)	6.0	4.5	32.9%	5.0	19.8%	
Thermax						• Yoy results not comparable due to transition to IND-AS, which resulted in 10% lower profits than IGAAP in 9MFY16 • Revenue growth will continue to be impacted by weak orderbook (-4% yoy in 3QFY17) • EBITDA margin to improve on expansion in Environment segment margin
Revenues	14,897	9,728	53.1%	15,457	-3.6%	
EBITDA	1,468	875	67.8%	1,131	29.8%	
EBITDA margin (%)	9.9%	9.0%	86bps	7.3%	254bps	
PAT	1,212	548	121.3%	1,073	12.9%	
EPS (Rs)	10.2	4.6	121.3%	9.0	12.9%	
Va Tech Wabag						• Revenue growth to be driven by execution in international subs while domestic will remain weak • EBITDA margin to decline due to shift in mix to low-margin international subs
Revenues	9,385	7,183	30.7%	8,588	9.3%	
EBITDA	1,209	794	52.2%	1,189	1.7%	
EBITDA margin (%)	12.9%	11.1%	182bps	13.8%	-96bps	
PAT	708	381	85.7%	661	7.1%	
EPS (Rs)	13.0	7.0	85.7%	12.1	7.0%	
Voltas						• Revenues growth to be driven by strong UCP segment, which we expect will grow 23% yoy • Margin improvement to be driven by lower unallocated expenses despite contraction in UCP margin
Revenues	21,427	11,805	81.5%	18,888	13.4%	
EBITDA	2,252	890	153.1%	1,853	21.5%	
EBITDA margin (%)	10.5%	7.5%	297bps	9.8%	70bps	
PAT	1,745	802	117.7%	1,485	17.5%	
EPS (Rs)	5.3	2.4	117.7%	4.5	17.5%	

Source: Company, PhillipCapital India Research

Cement

Earnings Estimates

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
ACC						• Volume growth assumed at 2%
Revenues	31,057	26,716	16.2%	29,274	6.1%	• EBITDA/tonne expected at ~Rs330
EBITDA	2,146	1,932	11.1%	3,704	-42.1%	
EBITDA margin (%)	6.9	7.2		12.7		
PAT	834	949	-12.1%	2,270	-63.3%	
EPS (Rs)	4.4	5.0	-12.1%	12.1	-63.3%	
Ambuja Cement						• Volume growth assumed at 1%
Revenues	25,105	21,967	14.3%	24,183	3.8%	• EBITDA/tonne expected at ~Rs500
EBITDA	3,036	2,947	3.0%	4,235	-28.3%	
EBITDA margin (%)	12.1	13.4		17.5		
PAT	1,569	1,759	-10.8%	3,038	-48.4%	
EPS (Rs)	0.8	0.9	-10.8%	2.0	-59.6%	
UltraTech Cement						• Volume growth assumed at 1%
Revenues	68,703	59,271	15.9%	68,505	0.3%	• EBITDA/tonne expected at ~Rs720
EBITDA	10,881	11,116	-2.1%	13,699	-20.6%	
EBITDA margin (%)	15.8	18.8		20.0		
PAT	5,441	5,946	-8.5%	7,230	-24.8%	
EPS (Rs)	19.8	21.7	-8.5%	26.3	-24.8%	
Shree Cement						• Volume growth assumed at 9%
Revenues	22,717	18,434	23.2%	20,174	12.6%	• Blended EBITDA/tonne expected at ~Rs840
EBITDA	4,923	4,689	5.0%	5,050	-2.5%	
EBITDA margin (%)	21.7	25.4		25.0		
PAT	2,019	2,354	-14.2%	2,234	-9.6%	
EPS (Rs)	58.0	67.6	-14.2%	64	-9.6%	
Dalmia Bharat						• Volume growth assumed at 7%
Revenues	21,019	17,393	20.8%	18,831	11.6%	• EBITDA/tonne expected at ~Rs1,150
EBITDA	4,912	4,211	16.6%	4,691	4.7%	
EBITDA margin (%)	23.4	24.2		24.9		
PAT	578	349	65.5%	1,149	-49.7%	
EPS (Rs)	6.5	4.0	62.0%	12.9	-49.7%	
India Cements						• Volume growth assumed at 3%
Revenues	11,718	11,119	5.4%	11,471	2.1%	• EBITDA/tonne expected at ~Rs660
EBITDA	1,677	1,886	-11.1%	2,115	-20.7%	
EBITDA margin (%)	14.3	17.0		18.4		
PAT	217	353	-38.5%	512	-57.5%	
EPS (Rs)	0.7	1.2	-38.5%	1.7	-57.5%	
JK Cement						• Volume growth assumed at -1%
Revenues	9,800	8,878	10.4%	9,496	3.2%	• Blended EBITDA/tonne expected at ~Rs690
EBITDA	1,476	1,482	-0.4%	1,730	-14.6%	
EBITDA margin (%)	15.1	16.7		18.2		
PAT	647	657	-1.5%	706	-8.3%	
EPS (Rs)	9.3	9.4	-1.5%	10.1	-8.3%	
JK Lakshmi						• Volume growth assumed at 6%
Revenues	8,087	6,709	20.5%	7,351	10.0%	• Blended EBITDA/tonne expected at ~Rs450
EBITDA	641	826	-22.4%	859	-25.3%	
EBITDA margin (%)	7.9	12.3		11.7		
PAT	(136)	76		484		
EPS (Rs)	(1.2)	0.6		4.1		
Heidelberg Cement						• Volume growth assumed at 5%
Revenues	4,142	3,878	6.8%	3,971	4.3%	• Blended EBITDA/tonne expected at ~Rs230
EBITDA	271	391	-30.7%	643	-57.8%	
EBITDA margin (%)	6.5	10.1		16.2		
PAT	(38)	100		243		
EPS (Rs)	(0.2)	0.4		1.1		
Mangalam						• Volume growth assumed at 6%
Revenues	2,354	2,330	1.0%	2,102	12.0%	• Blended EBITDA/tonne expected at ~Rs320
EBITDA	111	205	-45.8%	294	-62.3%	
EBITDA margin (%)	4.7	8.8		14.0		
PAT	(77)	58		141		
EPS (Rs)	(2.9)	2.2		5.3		

Source: Company, PhillipCapital India Research

Consumer

Earnings Estimates

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Result Update highlights
ITC						
Volume growth (est.)	3.0	-		-		• We expect ITC to report 3%/7% volume/price growth in Cigarettes. We expect FMCG others to grow by 12% yoy.
Revenues	106,383	91,493	16.3%	96,504	10.2%	
Gross Profit	67,021	57,727	16.1%	60,832	10.2%	• We expect EBITDA margins to remain steady and EBITDA to grow in line with sales
Gross margin (%)	63.0	63.1		63.0		
EBITDA	39,630	35,464	11.7%	36,084	9.8%	• Earnings growth to be in line with EBITDA
EBITDA margin (%)	37.3	38.8		37.4		
PAT	26,650	26,467	0.7%	23,789	12.0%	
EPS (Rs)	2.2	2.2	0.7%	2.0	12.0%	
Hindustan Unilever						
Volume growth (est.)	5.0	(4.0)		4.0		• We expect volumes/price to rise by 5%/5%
Revenues	83,434	75,125	11.1%	75,849	10.0%	• We expect gross margins to contract by 60bps like in Q3FY17
Gross Profit	41,467	37,679	10.1%	38,161	8.7%	• EBITDA growth will be limited by pressure on gross margins due to rising RM prices
Gross margin (%)	49.7	50.2		50.3		
EBITDA	16,178	13,554	19.4%	14,703	10.0%	• Earnings growth to be similar to EBITDA growth
EBITDA margin (%)	19.4	18.0		19.4		
PAT	11,366	9,200	23.5%	10,310	10.2%	
EPS (Rs)	5.3	4.3	23.5%	4.8	10.2%	
Dabur India Ltd						
Volume growth (est.)	5.0	(5.0)		7.0		• We expect domestic volumes/price to grow by 6%/0%
Revenues	21,056	18,477	14.0%	19,800	6.3%	• We expect gross margins to remian steady for Dabur
Gross Profit	10,738	9,094	18.1%	10,116	6.2%	• EBITDA growth will be limited by pressure on gross margins due to rising RM prices
Gross margin (%)	51.0	49.2		51.1		
EBITDA	4,402	3,339	31.8%	4,152	6.0%	• Earnings growth to be similar to EBITDA growth
EBITDA margin (%)	20.9	18.1		21.0		
PAT	3,568	2,938	21.5%	3,315	7.7%	
EPS (Rs)	2.0	1.7	21.5%	1.9	7.7%	
Godrej Cons. Products						
Revenues	25,333	23,916	5.9%	22,661	11.8%	• We expect GCPL to report 13.5% growth in international business and 9.5% growth in domestic business
Gross Profit	14,516	13,343	8.8%	12,878	12.7%	
Gross margin (%)	57.3	55.8		56.8		• We expect GM to expand by 50bps yoy vs. 100bps last quarter
EBITDA	5,091	5,168	-1.5%	4,436	14.8%	• EBITDA growth to be driven by gross margin expansion and operating leverage
EBITDA margin (%)	20.1	21.6		19.6		
PAT	3,592	3,658	-1.8%	3,094	16.1%	• Earnings growth to be similar to EBITDA growth
EPS (Rs)	10.5	10.7	-1.8%	9.1	16.1%	
Marico Industries						
Volume growth (est.)	8.0	(4.0)		8.4		• We expect Marico domestic volume/realisations to rise by 8%/2%
Revenues	14,015	14,140	-0.9%	12,878	8.8%	• We expect GM to shrink by 100bps yoy vs. 70 bps in last quarter
Gross Profit	7,358	7,281	1.1%	6,885	6.9%	• EBITDA growth will be limited by pressure on gross margins
Gross margin (%)	52.5	51.5		53.5		• Earnings growth is expected to higher than EBITDA growth due to tax rate differences
EBITDA	2,373	2,724	-12.9%	2,145	10.7%	
EBITDA margin (%)	16.9	19.3		16.7		
PAT	1,646	1,916	-14.1%	1,362	20.9%	
EPS (Rs)	1.3	1.5	-14.1%	1.1	20.9%	
Jubilant Foodworks						
SSSG	2.5	(3.3)		2.9		• We expect Jubilant Foodworks to report 2.5% SSSG
Revenues	6,796	6,588	3.2%	6,178	10.0%	• We expect gross margins to remain stable qoq
Gross Profit	5,097	4,937	3.2%	4,726	7.8%	• EBITDA growth will be slightly lower than sales growth due to higher input prices
Gross margin (%)	75.0	74.9		76.5		
EBITDA	775	641	21.0%	713	8.7%	• Earnings growth will be slightly lower than EBITDA growth due to higher expected depreciation
EBITDA margin (%)	11.4	9.7		11.5		
PAT	275	200	37.6%	257	6.7%	
EPS (Rs)	4.2	3.0	37.6%	3.9	6.6%	

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Result Update highlights
Colgate						
Volume growth	5.0	(13.0)		6.0		• We expect Colgate to report 5%/5% volume/price growth
Revenues	12,029	9,816	22.5%	10,911	10.3%	• We expect gross margins to improve by 80bps yoy vs. 70bps in last quarter
Gross Profit	7,759	6,657	16.5%	6,956	11.6%	
Gross margin (%)	64.5	67.8		63.7		• EBITDA growth to be driven by lower input costs and cost control
EBITDA	2,771	2,141	29.5%	2,412	14.9%	• Earnings growth to be similar to EBITDA growth
EBITDA margin (%)	23.0	21.8		22.1		
PAT	1,687	1,278	32.0%	1,459	15.6%	
EPS (Rs)	6.2	4.7	32.0%	5.4	15.6%	
Nestle						
Revenues	25,679	22,613	13.6%	22,957	11.9%	• Since Maggi relaunch is already in base quarter, we expect growth to normalise going further
Gross Profit	14,765	13,022	13.4%	13,106	12.7%	
Gross margin (%)	57.5	57.6		57.1		• We expect gross margins to be steady vs. last quarter
EBITDA	5,840	4,369	33.7%	5,253	11.2%	• We expect EBITDA growth to be similar to sales growth
EBITDA margin (%)	22.7	19.3		22.9		• Earnings growth will be slightly higher than EBITDA growth due to operating leverage
PAT	3,340	2,477	34.9%	2,935	13.8%	
EPS (Rs)	34.6	25.7	34.9%	30.4	13.8%	
Glaxo Smithkline Cons	**					
Revenues	11,581	8,219	40.9%	10,528	10.0%	• We expect GSK Consumer to report 5%/5% volume/price growth led by channel refilling post demonetisation
Gross Profit	7,678	5,448	41.0%	7,071	8.6%	
Gross margin (%)	66.3	66.3		67.2		• We expect gross margins to be steady sequentially
EBITDA	2,507	1,677	49.5%	2,343	7.0%	• EBITDA growth will be slightly lower than slaes growth due to higher input prices vs. last year
EBITDA margin (%)	21.6	20.4		22.2		
PAT	1,951	1,364	43.0%	1,807	8.0%	• Adjusted Earnings growth to be similar to EBITDA growth
EPS (Rs)	46.4	32.4	43.0%	43.0	8.0%	
Britannia						
Volume growth (est.)	5.0	2.0		10.0		• We expect Britannia to report 5%/7% volume/price growth
Revenues	23,339	22,648	3.1%	21,121	10.5%	• We have built in raw material cost inflation of 9% yoy vs. 10% and 8% in Q2/Q3FY17
Gross Profit	8,659	8,458	2.4%	8,244	5.0%	
Gross margin (%)	37.1	37.3		39.0		• EBITDA growth will be in line with sales inspite of RM cost inflation due to cost control
EBITDA	3,194	3,126	2.2%	2,903	10.1%	
EBITDA margin (%)	13.7	13.8		13.7		• Adjusted Earnings growth to be in line with EBITDA growth
PAT	2,218	2,204	0.7%	1,990	11.5%	
EPS (Rs)	18.5	18.4	0.7%	16.6	11.5%	
Emami						
Revenues	6,609	7,252	-8.9%	6,008	10.0%	• We expect Emami to report 7%/3% volume/price growth
Gross Profit	4,263	4,920	-13.4%	3,815	11.7%	• We expect GM to expand by 100bps yoy vs. 130bps in Q3
Gross margin (%)	64.5	67.9		63.5		• EBITDA growth to be driven by gross margin expansion
EBITDA	2,093	2,585	-19.0%	1,841	13.7%	• Earnings growth to be lower due to lower tax rate in base
EBITDA margin (%)	31.7	35.7		30.6		
PAT	1,507	1,907	-21.0%	1,385	8.7%	
EPS (Rs)	6.6	8.4	-21.0%	6.1	8.7%	
Asian Paints						
Volume growth (est.)	10.0	4.0		15.0		• We expect Asian Paints to report 10%/3% volume/price decline
Revenues	45,302	43,057	5.2%	40,091	13.0%	• We expect cost inflation of 5% yoy vs. -2.5% in Q3
Gross Profit	22,198	21,012	5.6%	20,036	10.8%	• EBITDA growth will be limited by rising input prices
Gross margin (%)	49.0	48.8		50.0		• Earnings growth will be similar to EBITDA growth
EBITDA	7,903	7,763	1.8%	6,974	13.3%	
EBITDA margin (%)	17.4	18.0		17.4		
PAT	4,790	4,662	2.7%	4,174	14.8%	
EPS (Rs)	5.0	4.9	2.7%	4.4	14.8%	
BajaJ Corp						
Volume growth	4.0	(6.5)		(5.0)		• We expect Bajaj Corp to report 4%/2% volume/price growth
Revenues	2,209	1,864	18.5%	2,083	6.1%	• We expect EBITDA margins to be steady and EBITDA growth to be similar to sales growth
Gross Profit	1,436	1,220	17.7%	1,339	7.2%	
Gross margin (%)	65.0	65.5		64.3		• Adjusted Earnings growth is expected to be higher due to higher other income
EBITDA	802	612	30.9%	756	6.1%	
EBITDA margin (%)	36.3	32.8		36.3		
PAT	702	578	21.4%	637	10.2%	
EPS (Rs)	4.8	3.9	21.4%	4.3	10.2%	

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Result Update highlights
Agro Tech Foods						
Revenues	2,054	2,076	-1.1%	1,975	4.0%	• We expect edible oils and foods to grow by 3%/10%
Gross Profit	678	689	-1.6%	640	6.0%	• EBITDA growth will be higher than revenue growth due to high operating leverage
Gross margin (%)	33.0%	33.2%		32.4%		
EBITDA	190	177	7.5%	171	11.5%	• PAT to be high due to operating leverage
EBITDA margin (%)	9.3	8.5		8.6		
PAT	95	83	14.4%	72	31.1%	
EPS (Rs)	3.9	3.4	14.4%	3.0	31.1%	
Titan						
Revenues	32,606	38,713	-15.8%	24,372	33.8%	• We expect 45% growth in Jewellery due to low base and 10% growth in Watches business
Gross Profit	10,501	9,281	13.1%	7,414		
Gross margin (%)	32.0%	23.8%		30.2%		• EBITDA growth to be higher due to operating leverage
EBITDA	3,749	3,735	0.4%	2,150	74.4%	• PAT growth to be lower due to lower tax rate in base
EBITDA margin (%)	11.5	9.6		8.8		
PAT	2,565	2,562	0.1%	1,896	35.3%	
EPS (Rs)	2.9	2.9	0.1%	2.1	35.2%	
Parag Milk Foods						
Revenues	4,681	4,461	4.9%	4,142	13.0%	• We expect 8%/5% growth in volume/realisations
Gross Profit	1,264	987	28.1%	1,303	-3.0%	• We expect cost inflation to be 15% yoy
Gross margin (%)	27.0	22.1		31.4		• EBITDA will decline yoy due to increase in operating costs and input cost pressure
EBITDA	134	(145)	-192.6%	399	-66.4%	
EBITDA margin (%)	2.9	(3.2)		9.6		• Company is expected to report loss due to margin pressures
PAT	(41)	(215)	-81.0%	161	-125.3%	
EPS (Rs)	(0.5)	(2.6)	-81.0%	2.3	-121.2%	

Source: Company, PhillipCapital India Research

IT Services

Earnings Estimates

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
Tata Consultancy						• CC revenue growth of 1.7%, negative cross currency impact of 20bps • Margins to decline 30bps qoq due to INR appreciation • Commentary on client budgets, Diligenta, LATAM and Japan will be the key to watch
US$ Revenues	4,454	4,387	1.5%	4,207	5.9%	
Revenues	298,412	297,350	0.4%	284,486	4.9%	
EBITDA	81,736	82,290	-0.7%	79,068	3.4%	
EBITDA margin (%)	27.4	27.7	-30bps	27.8	-40bps	
PAT	66,661	67,780	-1.7%	63,412	5.1%	
EPS (Rs)	33.8	34.4	-1.6%	32.2	5.1%	
Infosys						• CC revenue growth of 1.1%, positive cross currency impact of 10bps • Margins to decline 50bps qoq due to INR appreciation • FY18 guidance, which we expect the management to stop giving henceforth, will be keenly watched, along with the TCV wins
US$ Revenues	2,581	2,551	1.2%	2,446	5.5%	
Revenues	172,949	172,730	0.1%	165,500	4.5%	
EBITDA	47,411	47,670	-0.5%	46,390	2.2%	
EBITDA margin (%)	27.4	27.6	-20bps	28.0	-60bps	
PAT	36,391	37,080	-1.9%	35,970	1.2%	
EPS (Rs)	15.9	16.2	-1.8%	15.7	1.2%	
Wipro						• IT services organic CC revenue decline of -0.2%. Appirio acquisition to contribute US$ 30mn (two months) • Negative cross-currency impact of 10bps • Margins to decline 40bps due to Appirio integration • 1QFY18 guidance to be moderate
$ Revenue – IT Services	1,927	1,903	1.3%	1,882	2.4%	
Revenues	135,827	136,878	-0.8%	136,324	-0.4%	
EBIT	27,858	28,645	-2.7%	29,140	-4.4%	
EBIT margin (%)	20.5	20.9	-40bps	21.4	-90bps	
PAT	20,546	21,094	-2.6%	22,350	-8.1%	
EPS (Rs)	8.5	8.7	-2.9%	9.1	-6.7%	
HCL Technologies						• CC organic growth of 1.5% and negative cross-currency impact of 20bps • Inorganic revenue growth of 3.2% from Geometric, Butler and IP deals • EBITDA margin to fall 40bps due to integration of Geometric and Butler • Outlook, esp on IMS deals, to be the key
US$ Revenues	1,824	1,745	4.5%	1,587	14.9%	
Revenues	122,206	118,140	3.4%	106,980	14.2%	
EBITDA	26,643	26,280	1.4%	23,790	12.0%	
EBITDA margin (%)	21.8	22.2	-40bps	22.2	-40bps	
PAT	21,165	20,710	2.2%	19,250	9.9%	
EPS (Rs)	15.0	14.7	2.4%	13.6	10.2%	
Tech Mahindra						• CC revenue growth of 0.6%. Negative cross currency impact of 20bps • Margins to decline 20bps due to INR appreciation and weakness in Telecom • Commentary on revenue and margins of LCC and growth in communication business to be keenly watched
US$ Revenues	1,121	1,116	0.4%	1,023	9.6%	
Revenues	75,113	75,575	-0.6%	68,837	9.1%	
EBITDA	11,663	11,865	-1.7%	11,510	1.3%	
EBITDA margin (%)	15.5	15.7	-20bps	16.7	-120bps	
PAT	7,663	8,560	-10.5%	8,581	-10.7%	
EPS (Rs)	8.8	9.8	-10.5%	9.9	-11.2%	
MindTree						• CC revenue growth of 0.7% • Negative cross-currency impact of 10bps • Margins to improve 10bps • FY18 commentary on digital growth and TCV on account of recent deal wins to be keenly watched
US$ Revenues	193	192	0.6%	195	-0.9%	
Revenues	12,949	12,953	0.0%	13,203	-1.9%	
EBITDA	1,752	1,740	0.7%	2,206	-20.6%	
EBITDA margin (%)	13.5	13.4	10bps	16.7	-320bps	
PAT	1,062	990	7.2%	1,330	-20.2%	
EPS (Rs)	6.3	6.1	2.9%	7.9	-20.3%	
NIIT Technologies						• Revenue growth of 2.3% in CC as well as USD terms • US$ 4mn of incremental revenue from part-payment from government contract • Exceptional income of Rs 271mn on reversal of provision earlier made – will be partly negated by exceptional FX loss due to INR appreciation • Margins to improve 320bps mainly due to incremental revenue
US$ Revenues	110	103	6.9%	102	8.2%	
Revenues	7,370	6,938	6.2%	6,863	7.4%	
EBITDA	1,470	1,162	26.5%	1,249	17.7%	
EBITDA margin (%)	19.9	16.7	320bps	18.2	170bps	
PAT	830	624	33.0%	774	7.2%	
EPS (Rs)	13.6	10.2	33.0%	12.7	6.7%	
Persistent Systems						• 0.5% revenue growth in CC and USD terms • Margins to expand 30bps due to absence of provision for doubtful debts (in 3QFY17) • Watch out for revenue growth outlook from the IBM-Watson deal
US$ Revenues	111	110	0.5%	100	10.1%	
Revenues	7,408	7,455	-0.6%	6,771	9.4%	
EBITDA	1,203	1,187	1.4%	1,074	12.0%	
EBITDA margin (%)	16.2	15.9	30bps	15.9	40bps	
PAT	790	819	-3.6%	808	-2.3%	
EPS (Rs)	9.9	10.2	-3.6%	10.1	-2.3%	
KPIT Technologies						• USD revenue growth of +0.3% • Margins to expand 40bps • Outlook on ERP, Cummins (largest client) to be keenly watched
US$ Revenues	123	123	0.3%	124	-0.7%	
Revenues	8,262	8,307	-0.5%	8,410	-1.8%	
EBITDA	873	846	3.2%	1,323	-34.0%	
EBITDA margin (%)	10.6	10.2	40bps	15.7	-520bps	
PAT	507	736	-31.1%	937	-45.9%	
EPS (Rs)	2.5	3.8	-34.2%	4.9	-48.3%	

Source: Company, PhillipCapital India Research

Infrastructure

Earnings Estimates

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
NCC						• 6% yoy growth in topline due to weak orderbook
Revenues	25,984	24,522	6.0%	19,037	36.5%	• Update on FY18 revenue guidance - earlier given at 12-15% - will be keenly watched
EBITDA	2,240	2,091	7.1%	1,741	28.6%	
EBITDA margin (%)	8.6%	8.5%	9	9.1%	-53	• Margins to remain stable
PAT	783	700	11.7%	582	34.5%	• Earnings will report decent yoy growth due to lower interest expense
EPS (Rs)	1.41	1.26	11.7%	1.05	34.5%	
KNR Construction						• Strong orderbook will ensure ~30% yoy growth in topline
Revenues	3,851	2,958	30.2%	3,823	0.7%	• Margins to remain stable at 13-14%
EBITDA	520	451	15.3%	577	-9.8%	• Q4FY16 PAT was boosted by tax credits. Failing this, PAT growth will be muted in this quarter
EBITDA margin (%)	13.5%	15.3%	-174	15.1%	-158	
PAT	367	358	2.7%	244	50.4%	
EPS (Rs)	2.61	2.54	2.7%	1.74	50.4%	
PNC Infratech						• See disappointing numbers, as five large projects in its orderbook (~67% of orderbook) will not report execution due to land acquisition problems faced by NHAI
Revenues	5,245	5,887	-10.9%	4,636	13.1%	
EBITDA	686	768	-10.7%	602	14.0%	
EBITDA margin (%)	13.1%	13.0%	3	13.0%	10	• Margins to remain stable
PAT	623	720	-13.4%	401	55.5%	• Earnings to decline significantly due to lower execution and tax writeback in 4QFY16
EPS (Rs)	12.15	14.02	-13.4%	7.81	55.5%	
ITD Cementation						• Disappointing results again (after a weak CY16) due to weak orderbook
Revenues	8,265	10,156	-18.6%	7,299	13.2%	• Margins should continue to expand on legacy low-margin orders moving out of the orderbook
EBITDA	661	661	0.1%	556	19.0%	
EBITDA margin (%)	8.0%	6.5%	149	7.6%	39	• Muted earnings growth due to lower execution
PAT	237	230	3.0%	130	82.2%	
EPS (Rs)	1.53	1.48	3.0%	0.84	82.2%	
HCC						• Core business to report strong (high-single-digit) growth
Revenues	11,061	11,890	-7.0%	9,441	17.2%	• Reported topline will show a decline due to higher amount of arbitration awards booked in 4QFY16
EBITDA	2,053	2,355	-12.8%	1,612	27.4%	
EBITDA margin (%)	18.6%	19.8%	-125	17.1%	149	• Margins to decline due to lower bookings of claims - core margins to remain stable
PAT	655	191	242.0%	45	1338.6%	
EPS (Rs)	0.84	0.25	242.0%	0.06	1338.6%	• Earnings to report robust growth due to lowering of interest expense on converting of debt into equity under S4A
Ahluwalia Contracts						• Stable topline growth after a weak 3Q, which was impacted by demonetisation
Revenues	4,261	3,837	11.1%	3,581	19.0%	
EBITDA	575	534	7.7%	472	21.7%	• Margins to remain stable
EBITDA margin (%)	13.5%	13.9%	-42	13.2%	30	• Strong earnings growth due to lower interest expense on repayment of debt
PAT	342	267	28.1%	244	39.9%	
EPS (Rs)	5.11	3.99	28.1%	3.65	39.9%	• The company 'might' announce dividend for FY17 after a gap of three years
J Kumar Infra						• Strong topline growth driven by robust execution on overhead metro projects in Mumbai
Revenues	4,534	3,690	22.8%	4,039	12.2%	
EBITDA	736	631	16.6%	633	16.2%	• Margins to remain stable
EBITDA margin (%)	16.2%	17.1%	-87	15.7%	55	• Robust earnings growth of +15%
PAT	312	265	17.7%	286	9.1%	
EPS (Rs)	4.13	3.51	17.7%	3.78	9.1%	
Adani Ports & SEZ						• Muted cargo growth at Mundra, mitigated by strong growth in other ports – will lead to an overall strong growth in topline
Revenues	23,655	19,472	21.5%	22,358	5.8%	
EBITDA	14,771	12,543	17.8%	14,407	2.5%	• Margins to remain stable
EBITDA margin (%)	62.4%	64.4%	-197	64.4%	-199	• Updates on Ennore and Vizhinjam ports and on the acquisition of Kattupalli port will be keenly sought
PAT	8,540	8,157	4.7%	9,092	-6.1%	
EPS (Rs)	4.13	3.94	4.7%	4.39	-6.1%	• Balance sheet details, esp reversal of loans & advances, will be keenly watched
IRB Infrastructure						• Toll collection to report a yoy decline due to traffic growth being impacted by demonetisation
Revenues	14,349	15,712	-8.7%	14,097	1.8%	
EBITDA	7,675	7,396	3.8%	7,435	3.2%	• EPC revenues are likely to decline yoy due to depleted orderbook (at the beginning of the quarter)
EBITDA margin (%)	53.5%	47.1%	641	52.7%	75	
PAT	1,606	1,512	6.2%	1,841	-12.8%	• Margins to expand due to lower share of EPC revenues
EPS (Rs)	4.57	4.30	6.2%	5.24	-12.8%	• Earnings growth to be along the lines of EBITDA growth
Ashoka Buildcon						• Ashoka will finally report consolidated numbers for FY17
Revenues	6,300	5,324	18.3%	5,177	21.7%	• For 4QFY17, at a standalone level, we expect strong revenue growth and stable margins (adj for exceptionals).
EBITDA	724	796	-9.0%	620	16.8%	
EBITDA margin (%)	11.5%	15.0%	-346	12.0%	-48	• Toll collections numbers (reported separately) will be keenly watched
PAT	428	587	-27.1%	427	0.2%	
EPS (Rs)	2.29	3.13	-27.1%	2.28	0.2%	

Media

Earnings Estimates

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
Zee Entertainment						• Reported ad revenue to increase by 2% yoy due to lower revenue from sports business (sale of sports business was completed in Feb). However, like-to-like ad revenue to grow by 6% for the domestic business • International revenue (both ad and subscription) was impacted by issues in Bangladesh and Nigeria • Domestic subscription revenue to grow by 6-7% as there were no new deal signing in the current quarter and hence no catch-up revenue • EBITDA margins to decline qoq but improve yoy
Revenues	15,465	16,391	-5.7%	15,316	1.0%	
EBITDA	4,365	5,158	-15.4%	4,136	5.5%	
EBITDA margin (%)	28.2%	31.5%		27.0%		
PAT	2,558	2,508	2.0%	2,606	-1.9%	
EPS (Rs)	2.66	2.61	2.0%	2.33	14.3%	
Dish TV						• To add 300,000 net subscribers. ARPU to improve marginally (by 1%) qoq. Continues to be negatively impacted by demonetisation. Additions of low-ARPU customers continues to hinder overall ARPU growth • EBITDA to recover marginally qoq due to marginal growth in subscription revenue
Revenues	7742	7480	3.5%	7994	-3.2%	
EBITDA	2598	2495	4.1%	2609	-0.4%	
EBITDA margin (%)	33.6%	33.4%		32.6%		
PAT	350	266	31.5%	4,828	-92.7%	
EPS (Rs)	0.3	0.3	31.5%	4.5	-92.7%	
Jagran Prakashan						• Print ad revenue to increase by 4% yoy due to election-related ad spend in UP • Circulation revenue to increase by 5% yoy
Revenues	4,840	5,005	-3.3%	4,422	9.5%	
EBITDA	1,385	1,551	-10.7%	1,125	23.2%	
EBITDA margin (%)	28.6%	31.0%		25.4%		
PAT	828	891	-7.2%	606	36.5%	
EPS (Rs)	2.53	2.73	-7.2%	1.86	36.5%	
DB Corp						• To report flattish print ad revenue as the sector continues to recover from a cut in ad spend due to demonetisaiton • Radio ad revenue to grow by 12% yoy and circulation by 9% yoy • EBITDA to increase marginally yoy due to sluggish print ad revenue growth • PAT growth to be in line with EBITDA growth on a yoy basis
Revenues	5,381	6,273	-14.2%	5,143	4.6%	
EBITDA	1,210	1,982	-39.0%	1,142	6.0%	
EBITDA margin (%)	22.5%	31.6%		22.2%		
PAT	665	1,181	-43.7%	642	3.5%	
EPS (Rs)	3.6	6.4	-43.7%	3.5	3.4%	
HMVL						• Print ad revenue to increase by 3% primarily due to increased election related ad spend in UP • Circulation to increase by 5% • EBITDA to decline 21% yoy primarily due to increased raw material cost due to higher print ad volumes • PAT decline to be in line with EBITDA decline
Revenues	2,303	2,303	0.0%	2,275	1.2%	
EBITDA	403	409	-1.6%	511	-21.2%	
EBITDA margin (%)	17.5%	17.8%		22.5%		
PAT	346	438	-21.0%	470	-26.3%	
EPS (Rs)	4.7	6.0	-21.0%	6.4	-26.3%	
HT Media						• Hindi ad revenue to increase by 3% and English to decline by 6% • Radio ad revenue to increase by 36% yoy due to new launches in Delhi and Mumbai • Circulation revenue to remain muted
Revenues	6,336	6,499	-2.5%	6,310	0.4%	
EBITDA	886	1,105	-19.9%	697	27.0%	
EBITDA margin (%)	14.0%	17.0%		11.1%		
PAT	447	914	-51.1%	376	18.8%	
EPS (Rs)	1.9	3.9	-51.1%	1.6	18.8%	

Source: Company, PhillipCapital India Research

Metals

Earnings Estimates

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
JSW Steel - Consolidated						• Higher volumes and prices sequentially to aid topline growth
Revenues	167,970	137,975	21.7%	103,699	62.0%	• Higher coking coal and iron ore prices will offset higher steel prices and impact margins sequentially
EBITDA	30,393	28,669	6.0%	19,243	57.9%	
EBITDA margin (%)	18.1	20.8		18.6		
PAT	7,478	7,300	2.4%	2,395	212.2%	
EPS (Rs)	30.9	30	2.4%	10	212.2%	
Tata Steel - Consolidated						• Growth in domestic volumes and prices to aid revenue growth
Revenues	287,573	278,439	3.3%	291,644	-1.4%	• Steel-price hikes higher than coking coal cost increase – will drive operating profits for domestic business
EBITDA	49,538	35,393	40.0%	22,052	124.6%	
EBITDA margin (%)	17.2	12.7		7.6		• EU OP/tn expected to improve qoq to US$ 64 from US$ 38 in Q3 as spreads expand and qoq volumes improve from Netherlands
PAT	4,165	1,450	187.3%	(3,560)	-217.0%	
EPS (Rs)	4	1	187.3%	(33)	-113.0%	
SAIL						• Higher volumes to drive revenue
Revenues	123,263	111,687	10.4%	112,119	9.9%	• Benign coking coal cost increase and higher volumes will help the company to be back in black
EBITDA	1,997	(428)	-567.0%	(11,235)	-117.8%	
EBITDA margin (%)	1.6	(0.4)		(10.0)		
PAT	(7,422)	(7,948)	-6.6%	(12,309)	-39.7%	
EPS (Rs)	(2)	(2)	-6.6%	(3)	-39.7%	
Hindalco Inds						• Higher LME prices coupled with higher volumes (destocking) will lead to topline growth
Revenues	115,868	93,136	24.4%	86,675	33.7%	
EBITDA	15,227	11,852	28.5%	11,664	30.5%	• Higher alumina transfer price along with higher raw material costs will partly offset gain topline gain
EBITDA margin (%)	13.1	12.7		13.5		
PAT	5,694	3,204	77.7%	3,563	59.8%	• Utkal Alumina profitability to double on higher alumina prices
EPS (Rs)	3	2	63.6%	2	47.1%	
NALCO						• Higher aluminium prices and volumes due to destocking will drive revenue growth
Revenues	23,362	19,881	17.5%	18,744	24.6%	
EBITDA	4,246	2,852	48.8%	2,379	78.5%	• Higher alumina prices and volumes to drive revenues and profits
EBITDA margin (%)	18.2	14.3		12.7		
PAT	2,640	1,439	83.4%	2,071	27.5%	
EPS (Rs)	1	1	83.4%	1	69.9%	
Hindustan Zinc						• Higher metal prices and concentrate sales will aid sales growth
Revenues	59,532	49,439	20.4%	30,697	93.9%	• Stable cost amidst higher prices will lead to improvement in margins
EBITDA	35,360	27,834	27.0%	13,081	170.3%	
EBITDA margin (%)	59.4	56.3		42.6		
PAT	28,572	23,199	23.2%	21,491	32.9%	
EPS (Rs)	7	5	23.2%	5	32.9%	
Vedanta						• Higher commodity prices to drive profitability for the quarter
Revenues	208,094	194,171	7.2%	159,793	30.2%	• Zinc, aluminium, and oil segment to drive profitability
EBITDA	72,179	59,964	20.4%	34,720	107.9%	• Lower interest and lower tax rate to offset higher depreciation and result in higher PAT
EBITDA margin (%)	34.7	30.9		21.7		
PAT	28,059	19,832	41.5%	10,440	168.8%	
EPS (Rs)	9	7	41.5%	4	168.8%	

Source: Company, PhillipCapital India Research

Midcaps

Earnings Estimates

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
Concor						• Expect volume growth of 8.2% yoy from low base, Exim growth of 10.7%
Revenues	13,692	13,304	2.9%	14,152	-3.3%	
EBITDA	2,673	2,612	2.3%	1,976	35.3%	• yoy recovery in margin with cost reduction and revenue mix
EBITDA margin (%)	19.5	19.6		14.0		• Assumed effective tax rate at 26% in Q4FY17
PAT	1,897	1,861	1.9%	1,410	34.5%	
EPS (Rs)	9.7	9.6	1.7%	7.2	34.5%	
Praj Inds.						• Orderbook of Rs 10.8bn, lower exection in export
Revenues	2,650	2,201	20.4%	3,308	-19.9%	• Revenue mix and lower execution to impact margins yoy
EBITDA	350	170	105.9%	472	-25.9%	
EBITDA margin (%)	13.2	7.7		14.3		
PAT	268	106	153.3%	397	-32.6%	
EPS (Rs)	1.5	0.6	153.3%	2.2	-33.1%	
Pennar Inds.						• Growth in PEBS, Specialised steel, inmact on steel price increase
Revenues	4,135	3,930	5.2%	3,507	17.9%	• Margins impact due to increase in raw material price
EBITDA	485	435	11.3%	507	-4.5%	• Assumed tax provision of 36%
EBITDA margin (%)	11.7	11.1		14.5		
PAT	137	120	14.4%	163	-15.5%	
EPS (Rs)	1.1	0.9	28.7%	1.4	-15.5%	
Allcargo						• Slow down in container trade, project business impacting revenue
Revenues	14,030	14,114	-0.6%	14,020	0.1%	• Impact of DPD on CFS business
EBITDA	1,032	993	3.9%	1,254	-17.7%	
EBITDA margin (%)	7.4	7.0		8.9		
PAT	443	492	-9.8%	691	-35.8%	
EPS (Rs)	1.8	2.0	-9.8%	2.7	-35.8%	
Sintex						• Growth textile with new capacity, recovery in Prefab.
Revenues	23,996	20,905	14.8%	23,610	1.6%	• Impact of commissioning of textile and infra and monolitihic
EBITDA	4,167	3,478	19.8%	4,538	-8.2%	• Increase in Depreciation and Interest with Capex
EBITDA margin (%)	17.4	16.6		19.2		
PAT	1,578	1,108	42.5%	2,336	-32.4%	
EPS (Rs)	3.5	2.5	42.4%	5.3	-32.6%	
KDDL						• Recovery in retail and Mgf post de-monitazion impact
Revenues	1,294	1,262	2.6%	1,081	19.7%	• Operating leverage impact on margins
EBITDA	97	96	0.8%	32	200.4%	
EBITDA margin (%)	7.5	7.6		3.0		
PAT	27	26	2.9%	(31)	-186.2%	
EPS (Rs)	2.5	2.4	2.9%	(3.1)	-180.2%	
PEBS						• Orderbook of ~ Rs 4.1bn, moderate execution
Revenues	1,480	1,385	6.9%	1,379	7.3%	• Impact of increase in raw material cost
EBITDA	194	132	47.2%	277	-29.8%	
EBITDA margin (%)	13.1	9.5		20.1		
PAT	100	53	87.5%	145	-31.1%	
EPS (Rs)	2.9	1.5	87.5%	4.2	-31.1%	
Havells						• Prices hike in Cables & Wires and Fans and strong growth in consumer durables and Lighting Business.
Revenues	16,327	15,060	8.4%	14,754	10.7%	
EBITDA	2,155	1,930	11.7%	2,201	-2.1%	• Copper price pass-through & some incentive scheme continue till Feb'17 result in margin decline yoy.
EBITDA margin (%)	13.2	12.8		14.9		
PAT	1,481	1,340	10.5%	1,641	-9.8%	
EPS (Rs)	2.4	2.1	10.4%	2.6	-9.8%	
Finolex						• Better pricing in wire & cable, pick up in new business vertical
Revenues	7,475	6,754	10.7%	6,807	9.8%	• Pass-through of copper prices, steady margin
EBITDA	972	802	21.2%	1,116	-12.9%	
EBITDA margin (%)	13.0	11.9		16.4		
PAT	731	684	6.8%	832	-12.1%	
EPS (Rs)	4.8	4.5	6.8%	5.4	-12.1%	

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
Bajaj Electricals						• New distribution strategy slowly shaping up
Revenues	14,024	10,495	33.6%	13,572	3.3%	• Price hike and margin improvement from new channel
EBITDA	1,003	672	49.2%	744	34.7%	
EBITDA margin (%)	7.1	6.4		5.5		
PAT	516	297	73.5%	347	48.6%	
EPS (Rs)	5	3	73.5%	3	48.6%	
V-Guard						• Post Demon. - Strong recovery from south market
Revenues	5,852	4,596	27.3%	5,133	14.0%	• Pass through of copper price and margin improvement from non south market
EBITDA	620	386	60.7%	634	-2.2%	
EBITDA margin (%)	10.6	8.4		12.4		
PAT	432	280	54.4%	420	2.8%	
EPS (Rs)	1.0	0.7	54.4%	1.0	2.8%	
VRL Logistics						• Goods transport and bus to report a growth of ~7% yoy
Revenues	4,440	4,515	-1.7%	4,156	6.8%	• Higher realisation in goods business to result in margin improvement
EBITDA	558	594	-6.1%	486	14.7%	
EBITDA margin (%)	12.6	13.2		11.7		
PAT	196	218	-10.1%	133	47.5%	
EPS (Rs)	2.1	2.4	-10.1%	1.5	47.5%	
KEI						• Higher rev. From EHV and from B2B segment, with higher copper prices led to growth
Revenues	7,414	7,162	3.5%	6,363	16.5%	
EBITDA	790	779	1.4%	675	17.0%	• Passed through of copper prices lead to steady margin
EBITDA margin (%)	10.7	10.9		10.6		
PAT	273	272	0.6%	203	34.7%	
EPS (Rs)	3.5	3.5	0.6%	2.6	34.7%	
Gateway Distriparks						• Weakness in Exim volumes
Revenues	662	650	1.8%	607	9.1%	• DPD, Pressure on CFS profitability
EBITDA	195	193	0.9%	150	30.2%	
EBITDA margin (%)	29.5	29.7		24.7		
PAT	132	164	-19.0%	213	-37.7%	
EPS (Rs)	1.2	1.5	-19.0%	2.0	-38.3%	
Navkar						• Delay in Vapi volume + de-monitization
Revenues	966	916	5.4%	914	5.7%	• Operating impact due to RTGS installation, vapi volumes
EBITDA	356	355	0.0%	383	-7.1%	
EBITDA margin (%)	36.8	38.8		41.9		
PAT	215	220	-2.3%	270	-20.3%	
EPS (Rs)	1.5	1.5	-2.3%	1.9	-20.3%	
Indo Count Industries						• INR recovery to impact negatively, weakness in realization
Revenues	5,398	5,029	7.3%	5,250	2.8%	• RM cost pressure and lower realization yoy
EBITDA	1,089	1,020	6.8%	1,163	-6.4%	
EBITDA margin (%)	20.2	20.3		22.2		
PAT	601	562	6.9%	660	-9.0%	
EPS (Rs)	3.0	2.8	6.9%	3.4	-9.2%	

Source: Company, PhillipCapital India Research

Oil & Gas

Earnings Estimates

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	qoq (%)	Key expectations
Reliance Industries (C)						• GRM of $10.9/bbl; 113% refining utilisation
Revenues	839,988	794,080	5.8%	596,710	40.8%	• Some improvement in petchem volumes/margins
EBITDA	120,355	115,520	4.2%	112,030	7.4%	
EBITDA margin (%)	14.3	14.5		18.8		
PAT	78,357	75,060	4.4%	69,300	13.1%	
EPS (Rs)	24.2	23.1	4.4%	21.4	13.1%	
Petronet LNG						• Dahej/Kochi at 95%/7% utilisation
Revenues	66,818	62,993	6.1%	60,653	10.2%	• Marketing margin assumed 15cents/mmbtu
EBITDA	6,644	6,071	9.4%	4,581	45.0%	
EBITDA margin (%)	9.9	9.6		7.6		
PAT	3,772	3,975	-5.1%	2,430	55.2%	
EPS (Rs)	5.0	5.3	-5.1%	3.2	55.2%	
Gujarat Gas						• 8% qoq volume growth at 5.7mmscmd
Revenues	13,441	12,309	9.2%	13,782	-2.5%	• EBITDA/scm of Rs 3, down 9% qoq
EBITDA	1,703	1,709	-0.4%	2,203	-22.7%	
EBITDA margin (%)	12.7	13.9		16.0		
PAT	388	423	-8.3%	690	-43.8%	
EPS (Rs)	2.8	3.1	-8.3%	5.0	-43.8%	
Indraprastha Gas						• 13% yoy volume growth
Revenues	9,770	9,467	3.2%	8,856	10.3%	• Adj EBITDA/scm of Rs 5.9, flat qoq
EBITDA	2,514	2,554	-1.6%	1,969	27.7%	
EBITDA margin (%)	25.7	27.0		22.2		
PAT	1,344	1,448	-7.2%	1,076	24.9%	
EPS (Rs)	9.6	10.3	-7.2%	7.7	24.9%	
Gujarat State Petronet						• 5% qoq volume decline to 25mmscmd
Revenues	2,460	2,627	-6.4%	2,313	6.4%	• Largely flat tariff qoq, opex down qoq
EBITDA	2,218	2,275	-2.5%	2,049	8.2%	
EBITDA margin (%)	90.1	86.6		88.6		
PAT	1,128	1,186	-4.9%	997	13.1%	
EPS (Rs)	2.0	2.1	-4.9%	1.8	13.1%	
Castrol India						• 1% yoy volume growth
Revenues	8,731	7,791	12.1%	8,521	2.5%	• 10% qoq growth in EBITDA/ltr, lower opex
EBITDA	2,611	2,195	19.0%	2,552	2.3%	
EBITDA margin (%)	29.9	28.2		29.9		
PAT	1,820	1,558	16.8%	1,724	5.6%	
EPS (Rs)	3.7	3.2	16.8%	3.5	5.6%	
Gulf Oil Lubricants						• 3% yoy volume growth
Revenues	3,023	2,729	10.8%	2,713	11.4%	• 6% qoq growth in EBITDA/ltr
EBITDA	476	415	14.6%	450	5.8%	
EBITDA margin (%)	15.7	15.2		16.6		
PAT	330	276	19.6%	300	9.8%	
EPS (Rs)	6.7	5.6	19.6%	6.1	9.8%	

Source: Company, PhillipCapital India Research

Pharmaceuticals

Company earnings estimates

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Result update highlights
Aurobindo Pharma						• Muted 7% growth in US sales to US$ 267mn due to lack of new launches
Revenues	39,666	39,062	1.5%	37,468	5.9%	• Flat margins supported by improving EU earnings
EBITDA	9,520	8,948	6.4%	8,823	7.9%	• PAT in line with muted operating performance
EBITDA margin (%)	24.0%	22.9%		23.5%		
PAT	5,975	5,671	5.4%	5,595	6.8%	
EPS (Rs)	10.2	9.7	5.4%	9.6	6.8%	
Biocon Ltd						• Muted sales growth due to slow performance from Syngene and biopharma
Revenues	10,098	10,290	-1.9%	9,451	6.8%	• EBITDA margin to see sequential fall on adverse impact of additional cost related to Syngene accident. EBITDA growth on low base
EBITDA	2,272	2,610	-12.9%	1,853	22.6%	
EBITDA margin (%)	22.5%	25.4%		19.6%		• PAT in line with operating performance
PAT	1,215	1,710	-28.9%	1,006	20.8%	
EPS (Rs)	6.1	8.6	-28.9%	5.0	20.8%	
Cadila Healthcare						• Muted sales performance despite Asacol HD launch due to pricing pressure on the US business and moderate growth in EM
Revenues	25,048	23,531	6.4%	24,491	2.3%	
EBITDA	5,135	3,839	33.8%	5,790	-11.3%	• EBITDA margin decline due to weaker domestic base and US business (sequential recovery in margin), resulting in a fall in EBITDA
EBITDA margin (%)	20.5%	16.3%		23.6%		
PAT	3,383	2,591	30.5%	3,715	-8.9%	• APAT muted due to weak operating performance
EPS (Rs)	3.3	2.5	30.5%	3.6	-8.9%	
Cipla Ltd						• Sales growth primarily led by Invagen integration and strong performance of the South Africa business
Revenues	36,471	36,472	0.0%	32,665	11.6%	
EBITDA	6,747	6,777	-0.4%	2,190	208.1%	• Margins to sustain at 18.5% on a low base of Q4FY16 (impacted due to inventory write-back, business rationalisation in non-remunerative EMs and regulatory charges)
EBITDA margin (%)	18.5%	18.6%		6.7%		
PAT	2,946	3,252	-9.4%	921	219.9%	
EPS (Rs)	3.7	4.1	-9.4%	1.1	219.9%	• Low base will help it to report robust growth
						1.
Divis Labs						• Revenue growth led by steady progress in both custom synthesis and generics
Revenues	12,423	9,765	27.2%	10,954	13.4%	
EBITDA	4,597	3,808	20.7%	3,997	15.0%	• EBITDA margins to fall qoq due to remediation cost related to import alert
EBITDA margin (%)	37.0%	39.0%		36.5%		• Higher tax rate to drag PAT growth
PAT	3,393	2,678	26.7%	3,102	9.4%	
EPS (Rs)	12.8	10.1	26.7%	11.7	9.4%	
Dr Reddy's Lab						• Sales to decline yoy due to weaker US sales (-18% yoy) and muted performance in the domestic businesses
Revenues	35,075	37,065	-5.4%	37,562	-6.6%	
EBITDA	7,483	8,713	-14.1%	8,104	-7.7%	• Estimate US sales at US$ 235mn, -18% yoy, primarily due to an increase in competition in key products and supply issue in one mid-sized drug in the US market
EBITDA margin (%)	21.3%	23.5%		21.6%		
PAT	3,782	4,709	-19.7%	5,299	-28.6%	
EPS (Rs)	22.9	28.5	-19.7%	32.1	-28.6%	• Margin to fall qoq due to weak US/India performance and higher R&D, resulting in 8% fall in EBITDA
						• PAT in line with weak sales and margin correction
Glenmark Pharma						• Sales growth primarily on healthy US sales (60% CC growth / 54% INR growth) supported by gZetia exclusivity
Revenues	26,616	25,350	5.0%	22,813	16.7%	
EBITDA	7,160	7,651	-6.4%	4,516	58.5%	• Margins to expand led by the strong US/domestic performance
EBITDA margin (%)	26.9%	30.2%		19.8%		• Strong sales/operating performance will lead to PAT growth
PAT	4,435	4,548	-2.5%	2,646	67.6%	
EPS (Rs)	15.7	16.1	-2.5%	9.4	67.6%	
IPCA Labs						• Sales growth led by strong growth in domestic formulation; we do not see major improvement in exports
Revenues	6,880	7,507	-8.4%	6,246	10.2%	
EBITDA	987	1,104	-10.5%	635	55.5%	• Margins to sustain as remediation cost falls
EBITDA margin (%)	14.4%	14.7%		10.2%		• PAT to remain flat on higher tax rate
PAT	356	453	-21.3%	360	-1.0%	
EPS (Rs)	2.8	3.6	-21.3%	2.9	-1.0%	
Lupin Ltd						
Revenues	43,294	44,829	-3.4%	41,707	3.8%	• Muted growth in sales due to high base of gGlumetza sales in Q4FY16. Domestic sales to rise 9% yoy
EBITDA	11,040	12,159	-9.2%	13,050	-15.4%	
EBITDA margin (%)	25.5%	27.1%		31.3%		• Margin to remain flat on a high base of gGlumetza, resulting in fall in EBITDA
PAT	6,063	6,167	-1.7%	7,479	-18.9%	
EPS (Rs)	13.5	13.7	-1.7%	16.6	-18.9%	• PAT to decline yoy on high base

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Result update highlights
Sun Pharma Ltd						
Revenues	78,171	79,127	-1.2%	76,342	2.4%	• Sales growth led by incremental sales from AG launches, NDA launch, and strong performance in EM business. Domestic formulation also likely to see 11% yoy growth • Margins to increase led by better product mix and lower expenses related to remediation
EBITDA	24,233	24,531	-1.2%	25,203	-3.8%	
EBITDA margin (%)	31.0%	31.0%		33.0%		
PAT	14,732	14,718	0.1%	17,137	-14.0%	
EPS (Rs)	6.1	6.1	0.1%	7.1	-14.0%	

Source: Company, PhillipCapital India Research

Specialty Chemicals

Earnings Estimates

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
Aarti Industries						• Strong performance in specialty chemicals segment (led by rise in benzene prices) to lead sales growth. Pharma and Home/Personal Care to remain muted • Margins to expand on better product mix and lag effect of benzene price rise
Revenues	7,854	7,702	2.0%	6,939	13.2%	
EBITDA	1,634	1,502	8.7%	1,368	19.4%	
EBITDA margin (%)	20.8%	19.5%		19.7%		
PAT	819	738	10.9%	675	21.4%	
EPS (Rs)	9.8	8.9	10.9%	8.1	21.4%	
Atul Ltd						• Sustained performance both in life sciences and chemicals business will lead growth in sales • Margin to see sequential improvement (flat yoy) • PAT decline due to higher depreciation cost and tax outgo
Revenues	7,094	6,763	4.9%	6,209	14.2%	
EBITDA	1,213	1,088	11.5%	1,054	15.1%	
EBITDA margin (%)	17.1%	16.1%		17.0%		
PAT	626	586	6.9%	652	-4.0%	
EPS (Rs)	21.1	19.7	6.9%	22.0	-4.0%	
Camlin Life sciences						• Sales will continue to see an impact of discontinued supply pact with a key antioxidant customer in advanced markets • Supply termination to impact overall profitability
Revenues	1,404	1,341	4.7%	1,304	7.7%	
EBITDA	211	20	944.1%	268	-21.3%	
EBITDA margin (%)	15.0%	1.5%		20.5%		
PAT	68	(49)	237.4%	142	-52.5%	
EPS (Rs)	0.7	(0.5)	237.4%	1.4	-52.5%	
Meghmani organics						• Sales growth led by basic chemicals, with full quarter sales from KOH operations. Pigments and agrochemicals to see muted growth. • Pressure on agrochemical realisations and sharp increase in coal price
Revenues	3,919	3,516	11.5%	3,608	8.6%	
EBITDA	756	606	24.8%	723	4.7%	
EBITDA margin (%)	19.3%	17.2%		20.0%		
PAT	232	150	55.4%	205	13.6%	
EPS (Rs)	0.9	0.6	55.4%	0.8	13.6%	
SRF Ltd						• Recovery in textile chemicals business will be offset by the weak performance from specialty chemicals. Packaging business will see growth of 9% • Margins to remain flat • PAT in line with operational performance
Revenues	12,111	12,055	0.5%	11,150	8.6%	
EBITDA	2,398	2,316	3.5%	2,232	7.4%	
EBITDA margin (%)	19.8%	19.2%		20.0%		
PAT	1,097	1,092	0.5%	969	13.2%	
EPS (Rs)	19.1	19.0	0.5%	16.9	13.2%	
Vinati Organics						• Strong ATBS sales to offset weak performance in IBB/IB business; incremental sales from new projects • Higher contribution from ATBS business and sustained prices across other portfolios will help maintain EBITDA margin • APAT following strong operating performance
Revenues	1,834	1,740	5.4%	1,544	18.8%	
EBITDA	578	531	8.8%	507	13.9%	
EBITDA margin (%)	31.5%	30.5%		32.9%		
PAT	367	326	12.9%	298	23.5%	
EPS (Rs)	7.1	6.3	12.9%	5.8	23.5%	

Source: Company, PhillipCapital India Research

Telecom

Earnings Estimates

(Rs mn)	Mar-17E	Dec-16	qoq (%)	Mar-16	yoy (%)	Key expectations
Bharti Airtel						• India:
Revenues	231,283	233,357	-0.9%	249,831	-7.4%	○ Voice realisation at 28.54p/min, -3%/-14 qoq/yoy. Voice volume +3%/+10% qoq/yoy
EBITDA	83,033	84,815	-2.1%	91,356	-9.1%	
EBITDA margin (%)	35.9%	36.3%		36.6%		○ Data volume -4% qoq, realisation -10%
PAT	5,322	5,037	5.7%	13,194	-59.7%	○ Other businesses to see steady growth qoq
EPS (Rs)	1.3	3.7	-63.6%	2.8	-52.0%	
Idea Cellular						• Voice realisation at 28.1 p/min -3%/-16% qoq/yoy; voice volume +3%/+7% qoq/yoy
Revenues	82,395	86,627	-4.9%	94,839	-13.1%	
EBITDA	19,735	21,655	-8.9%	36,160	-45.4%	• Data volume -3%/+28% qoq/yoy; data realisation to -10%/-37.5%. Data ARPU at Rs 106, -4% qoq
EBITDA margin (%)	24.0%	25.0%		38.1%		
PAT	(6,240)	(3,839)	NM	5,756	NM	• Overall ARPU at Rs 147, -6%/-18% qoq/yoy
EPS (Rs)	(1.7)	(1.1)	NM	1.6	NM	
Bharti Infratel						• Indus to add 8500; tenancy driven by robust demand from Reliance JIO. Infratel standalone to add 2,500 tenancy
Revenues	35,126	34,007	3.3%	31,817	10.4%	
EBITDA	15,468	14,955	3.4%	14,687	5.3%	• Energy spread to decline to 6.6% from 7% in Q3
EBITDA margin (%)	44.0%	44.0%		46.2%		• EBITDA margins to remain stable
PAT	7,178	6,204	15.7%	7,184	-0.1%	
EPS (Rs)	3.78	3.27	15.7%	3.79	-0.1%	
Tata Communications						
Revenues	44,550	43,601	2.2%	51,452	-13.4%	
EBITDA	6,250	5,691	9.8%	8,109	-22.9%	
EBITDA margin (%)	14.0%	13.1%		15.8%		
PAT	1,149	14,129	-91.9%	(2,438)	NM	
EPS (Rs)	4.03	49.57	-91.9%	(8.56)	NM	

Source: Company, PhillipCapital India Research

Rating Methodology

We rate stock on absolute return basis. Our target price for the stocks has an investment horizon of one year.

Rating	Criteria	Definition
BUY	>= +15%	Target price is equal to or more than 15% of current market price
NEUTRAL	-15% > to < +15%	Target price is less than +15% but more than -15%
SELL	<= -15%	Target price is less than or equal to -15%.

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