Q3FY15 Result Review and Picks

February 26, 2015

The quarter gone by:

Net sales of Indian companies expanded at the slowest pace in four quarters in the three months ended 31 December, illustrating the challenges local companies are facing as the economy takes longer than expected to recover from a growth slump. Lower raw material costs because of a global slump in commodity prices, however, boosted operating profits, providing the only silver lining in the otherwise dismal scenario. Numbers (earnings and sales) have been disappointing, and have turned out to be a lot worse than consensus expectations.

Q3FY15 has dashed all hopes of India Inc which was counting on a strong comeback. If the quarterly performances of Nifty 50 companies are any indication, the turnaround in their fortunes may take some more time.

India Inc's annual profit growth in the three-month period ended December 2014 has been the worst in five quarters, with the aggregate net profit of 2,941 companies declining 16.9 per cent. Even after adjusting for one-offs (extraordinary transactions), it has been 6.3 per cent lower than a year ago. These companies' sales growth has been the weakest in at least 12 quarters.

Q3FY15 numbers were disappointing for most sectors in India Inc, barring IT, media, and metals. However, given the fact that macro-economic factors are favourable and the reform process is steady, expectations of improvement have been keeping the markets buoyant.

Operating profit margins of 1,992 manufacturing companies were down 100 basis points on a year-on-year basis and 140 basis points sequentially, largely due to a decline in sales and a rise in employee and power & fuel expenses.

A CARE study of the performance of 2,934 companies showed that net sales declined by -0.2% in Q3FY15 as against 6.5% increase in the previous year while net profits declined significantly by 28.3% over a positive growth of 2.5% last year. The lower growth in sales volumes could be largely attributed to the weakness in the global and domestic demand conditions. Also despite the softening inflation in the past few months the gains from the same remain invisible indicated by the declining profitability.

The large sized firms have performed relatively better with positive growth in sales and increased profitability when compared with the smaller ones. The smaller sized firms continue to underperform incurring huge losses and lower sales.

It is not that companies have not benefitted from lower input prices but the gains have been lower than expected. For the 1,992 manufacturing companies, the aggregate cost of goods sold has fallen eight per cent annually and 3.7 per cent sequentially - much more than the sales decline of 3.3 per cent and 2.5 per cent, respectively.

But the full benefits of the price decline have not come in the December quarter. These could be more visible from the March quarter onwards. Even as sales and PBIDT (profit before interest, depreciation and tax) of the manufacturing companies has declined, interest costs and depreciation have increased by seven-eight per cent each.

For the Sensex companies, the reported net profit has on a year-on-year basis declined 6.5 per cent — the weakest show in six quarters — on a 2.2 per cent decline in sales, the weakest growth since March 2009. The profits of at least 17 Sensex companies were lower than Bloomberg's consensus estimates.

Q3FY15 adjusted net profits of the BSE-30 Index and Nifty-50 Index declined 5.8% and 5.1% yoy. On the positive side, Sensex companies that have beaten estimates include Maruti, NTPC, Bajaj Auto, Bharti Airtel, M&M, Tata Power, Infosys and Sesa Sterlite. Hindustan Unilever has exceeded the estimates too, but that has largely been due to exceptional income.
Net profits of BSE-30 companies declined for the first time since Q1FY14 led by the automobiles, banking, energy and industrials sectors. Banks' slippages and NPLs remained high, volume growth was patchy across all domestic sectors and order booking of industrial companies showed no improvement.

Q3FY15 net profits benefited from a weaker exchange rate on a yoy basis. The average Re/US$ exchange rate was 61.9/US$ in Q3FY15 versus 55.9/US$ in Q3FY14 and 60.6/US$ in Q2FY15. India Inc posted dismal earnings for the quarter, with three sectors -- oil & gas, metals and capital goods -- dragging the overall growth into the negative space. Companies in oil & gas and metal sectors posted a negative net profit growth of over 28%, while capital goods' companies fell 25.8% year on year.

Outperforming sectors among in Nifty 50 were power, banks and IT, with companies in these sectors performing comparatively better in a quarter that was muted in terms of corporate earnings. On an average, net profit de-grew 5.19% year on year. Net sales of all Nifty 50 companies fell marginally 1.10%.

FMCG, pharma, power and steel companies disappointed on the revenue front while IT companies witnessed pressure on gross profit margins. In contrast, cars & utility vehicles, telecom, cement and media companies exhibited strong double-digit growth in top line and improvement in gross profit margins. Export-linked sectors like IT services and pharmaceuticals reported one of their lowest revenue growth numbers in the last eight quarters as the benefit of the weak rupee was not available during the quarter.

Key earning beaters: Siemens, Glenmark Pharmaceuticals, Tata Power, JSW Energy, Zee Entertainment Enterprises, GCPL, Bharat Forge, Honeywell, Hathway Cable & Datacom, Sun TV Network, Kajaria Ceramics, and HSIL.
Key earning disappointments: ITC. Tata Motors, Bosch, Larsen & Toubro, BHEL, Tata Steel, Hero MotoCorp, Steel Authority of India, Hindalco Industries, ALL, Exide Industries, Tata Global Beverages, Jyothy Labs, CG, KEC International, Alstom T&D, DEN Networks, Dish TV India, Strides Arcolab, Unichem Laboratories, PTC India, Supreme Industries, Finolex Industries, and Astral Poly Technik.

DII's total holdings rose to 8.38% in December quarter from 7.52% in September quarter. Domestic institutional investors' (DIIs) holdings in BSE-500 companies at the end of December rose the most in at least 25 quarters as investors poured money into mutual funds in anticipation that a rebound in economic growth will boost returns. It was the highest such addition at least since the quarter ended December 2008. Mutual funds invested a net of Rs.12,294.5 crore in Indian equities in the December quarter, after pumping in a net of Rs.16,192.7 crore in the September quarter—which was the highest since at least March 2000.

On an aggregate basis, foreign institutional investors' (FIIs) holdings were almost unchanged in the quarter ended December. They held a total of 16.26% in the 423 companies of BSE-500, compared with 16.3% in the preceding quarter.

External commercial borrowings (ECBs) by Indian companies saw a year-on-year drop in December as companies preferred to wait for the new year and ride out volatility in the global markets which picked up in December in response to a persistent fall in crude oil prices. Figures released by the Reserve Bank of India (RBI) showed that companies based in India raised just $637 million in ECBs in December 2014, down 86% compared to the $4.56 billion they had raised a year ago. Capital expenditure for companies has still not picked up and that could be a reason that they chose to wait last month which may be reflecting in the numbers.

Sectoral Comment:

Agrochemicals/Fertiliser

- Agrochemical industry reported weak quarter on account of slow demand and higher sales returns in domestic market. Volatility in monsoon and delayed start of the rabi season affected the demand for pesticides. Growth for global and exports dependent companies remain stable
- Companies with higher domestic dependence like Excel Crop and Insecticide India registered sales degrowth
- Despite weak industry environment, companies witnessed working capital discipline and interest cost remained flat
- In fertiliser and chemical companies, fertiliser business witnessed stable growth while chemical segment results were adversely affected due to steep fall in chemical prices and inventory losses. On aggregate basis fertiliser & chemical companies reported flat growth in revenues and profits as higher revenues from fertiliser segment driven by volume growth was compensated by drop in chemical's realisations. Chemical segment margins are likely to stabilise by Q1FY16 while in fertiliser, policy changes remain key monitorables.
- We expect with onset of normal monsoon in current year, demand for agrochemicals to pick while falling input prices to help margin expansion.

Automobiles

- The performance of the automobile sector was largely lacklustre in Q3FY15. Due to an early festive season, a large part of the inventory stocking by manufacturers had been done in Q2FY15 which had inflated the growth rates in that quarter. After growing in healthy double digits (14-15%) in the previous quarters, Auto sector reported a fall in growth rate to a modest 8.5% in Q3FY15. While benign commodity prices led to an expansion in the GPM, the increase in the OPM was restricted due to an increase in the overhead cost driven by wage hikes and higher promotional expenses.
- Auto volumes grew 4.7% YoY (-4.4% QoQ) driven by continued recovery in 2-Wheelers (+17.6% YoY, -5.2% QoQ) and Passenger Vehicles (+10.7% YoY, 0.4% QoQ). M&HCV volumes recovered with ~6% YoY growth (+4% QoQ). LCV volumes continues to decline with ~13% YoY de-growth (+1.4% QoQ) – 7th consecutive quarter of decline.
- EBITDA margins for Auto companies declined YoY.:
- In the near term the sentiment for the auto Industry has been somewhat dampened by the government's decision to not extend the concessional excise duty benefit after December 31, 2014. However, a significant fall in fuel prices and the expected lowering of interest rates should help boost sentiment and provide a growth impetus to the industry.

- Driven by economic recovery, we expect sharp rebound in CVs as well as recovery in PV demand. Recovery in 2Ws could gather pace driven by demand revival in urban regions. We expect LCVs to turnaround in FY16.

Banks

- Private and public sector banks continued to report divergent trends, with private banks outperforming positively on the earnings front, while its public sector peers continuing to disappoint negatively on the asset quality front.
- NII growth for public sector banks (PSBs) deteriorated marginally to a 6% in Q3 from 11% YoY in Q2FY15, on the back of muted credit growth and interest reversals.
- Private sector banks reported a robust 23% YoY growth in PAT, largely driven by credit growth in the corporate segment, operating leverage, and stable asset quality.
- GNPA and NNPA ratio for almost all banks deteriorated marginally during the quarter, the worst affected ones were PNB, BoB, BoI, and ICICI Bank. Commentary from all managements highlighted that stress in economy still persists.
- There was no respite on asset quality for PSU banks, as impairment ratios increased in Q3FY15 at 4.6% (up 30bp qoq), reflecting the underlying weak business environment. Also, upgrades and recoveries moderated sharply which reflected in net slippages rising significantly (+38% qoq; 2.8% of loans v/s 1.8% in Q2FY15 and highest since Q1FY14).
- Public sector banks continued to report high fresh slippages and more worryingly, high slippages in their restructured loans portfolio and were joined by their private sector counterparts such as ICICI Bank.
- Credit costs remained elevated at 1.4% of loans, on account of downgrading of NPAs into lower categories and slippages rising from the restructured pool.
- Further, Q4FY15 could see higher restructuring as RBI's forbearance on restructured loans is expected to end in FY15. This would keep credit cost elevated in near term.
- Retail lending banks continue to be in a sweet spot. Banks are focusing on cross sell and growth in high profit making unsecured segments, like personal loans and credit cards, remains strong.
- Asset reconstruction companies (ARCs) purchased significantly less assets in the final quarter of 2014 as they struggled to raise enough capital to make the higher upfront payment mandated by the Reserve Bank of India (RBI). In the October-December quarter, ARCs purchased assets worth Rs.650-700 crore out of Rs.15,000-20,000 crore worth of bad loans put on sale by banks, according to senior officials at two ARCs. In July-September, ARCs had bought Rs.1,500-1,600 crore in bad assets, while these firms purchased Rs.10,000-15,000 crore worth of bad assets in April-June. A key reason behind the slowing sales has been new RBI rules which require ARCs to make an upfront payment of 15% of the value of the asset compared with 5% earlier.
- The RBI’s requirement for nonbanking finance companies such as PFC and REC to recognize their restructured loans results in higher restructured loans in their quarterly numbers.
- In addition, credit off-take has slowed to multi-quarter lows again thereby belying the expectation that a sharp increase in the loan book will, at least optically, reduce the NPLs as a proportion of loans.
- Credit growth for the banking system declined to 10.5% yoy in the month of December 2014.
- Gold Finance Loan book grew 3-4% sequentially for both non-banking financial companies (NBFCs), indicating a revival in their fortunes

Capital Goods / Engineering

- During Q3FY15, the revenues of all of Capital Goods companies (except BHEL) showed some signs of an improving trend. However, the pressure on margins sustained in Q3 and led to a weak performance at the net profit level.
- For Q3FY15, performance for the capital goods sector continued to remain constrained led by macro headwinds, coal block re-allocation, poor pace of project execution, etc.
- While most of the companies reported a growth in revenue, though at a softer rate, the operating margin was largely under pressure led by poor execution, impacting fixed cost absorption
- The interest and depreciation expenses remained elevated; consequently, the impact was more prominent at the bottomline level.
- The overall optimism pertaining to the recovery of the investment cycle is yet to reflect in order inflow numbers but certainly there are some initial positive signs.
- There are initial signs of improvement in order inflow but not adequate till date. Large companies (L&T and BHEL) also witnessed meaningfully improvement in inflow but not adequate enough given the high expectations from the investment cycle recovery.

Cement

- Cement companies volumes disappointed in Q3FY15 with growth of 5% YoY. Slippage in volume growth was led by unusual seasonal de-growth (YoY/QoQ) in southern players, along with growth moderation in rest of India. Recent capacity addition benefitted select companies viz. Ultratech, JK cement, Shree.
- Blended cement realizations was down ~INR105/ton QoQ (-INR110/ton YoY), led by weakness in October and November – which was partially offset in sharp price rise in December. Southern players posted better trends with INR0-5/bag QoQ uptick, while northern players posted INR5-11/bag QoQ decline.
- EBITDA/ton fell by 12-15% YoY, though marginally up QoQ. Unusual dip in profitability was expected with lower realizations, but magnitude of decline was higher on account of lower cost moderation (as expected from sharp correction in coal and diesel price) and negative operating leverage (lower volume).
- The cement players have rolled back the prices from February 2015 on account of an uneven demand environment.

- We believe the current cyclical upturn in the economy and the expected policy push to drive investments in the infrastructure sector possibly through the Union Budget 2015-16 can strengthen the demand environment.

Construction

- Revenue growth and margins improved on the back of better performance by road asset developers Higher capital cost i.e interest cost & depreciation cost (YoY basis) suppressed the profitability for the sector.
- The sector witnessed better than expected traffic growth which was partially offset by the lower than expected construction revenue growth due to slower than expected execution run rate which will ramp up in the subsequent quarters given the stable order book positions of road developers.
- In the port sector stable container/Bulk volume growth for Adani port +6% YoY/+8.9% YoY was seen while Gujarat Pipavav container volume growth suppressed due to weak export market related cotton, rice and wheat which accounts for 20% of its container business.
- Overall, the infra sector has showing some early signs of improvement, especially from the BoT road project companies. Port sector has seen gradualism in terms of volume and realisations. And EPC contractors have experienced pick up in order inflows and executions.

FMCG

- FMCG sector continued to see benign volume trend impacted by consumer sentiments, but lower input cost aided in healthy gross margin expansion for most players. Sales were up about 8%, OPM came in at ~10% and PAT grew by about 11%. Surprisingly, rural growth continued to outperform urban growth in many categories.
- Gross margins of the consumer goods companies saw a substantial improvement due to softness in the raw material prices and boosted their performance at the operating level.
- Improvement in urban consumption could revive sales in near future: The moderation in inflationary expectations, savings from lower fuel prices and improving consumer sentiment (especially in the urban markets) are expected to materially improve urban discretionary and consumer spending in the coming quarters.
- Savings on account of softening in input costs (primarily crude related) should reflect in Q4FY15 and Q1FY16.

Information Technology

- Q3FY15 results were broadly in line with the modest expectations. Overall, tier 1 IT players performed largely in-line with/better than expectations in a seasonally weak quarter
- Growth was driven by the US. Also, all the Tier 1 players recorded strong constant currency (cc) growth in Europe, but cross currency headwinds impacted the reported USD revenue growth in Europe.
- NASSCOM guides 12-14% YoY growth for FY16 (~13% for FY15; both in constant currency terms). According to NASSCOM, IT exports are likely to grow by 12□14% YoY and domestic market will grow by 15□17% YoY, driven by spends in e-commerce and government's push towards digitization.
- Key demand drivers in BFSI segment include cost rationalization, digital technologies, big data and regulatory/compliance requirements. Energy and Utilities remains the only weak vertical. Most players witnessed a strong momentum in the IMS segment, recording higher than company average growth.
- CY15 signals appear good but volatile currency is playing spoilsport.
- Managements are upbeat on CY15, especially for the key markets of US and Europe; clarity will emerge in the Jan-Mar quarter. Also, IT budgetary spends need to be monitored across quarters. Deal pipelines remain healthy with digital technologies posting the highest growth rate. US sees better discretionary spends; Europe sees cost-driven outsourcing spend

Metals

- Q3FY15 remained a subdued quarter for the metals and mining sector. Steel companies in particular, saw significant pressure on their realizations and margins. Volume also stood lower for most of the companies due to lack of demand. However, few companies benefited due to change in their product mix.
- In non- ferrous segment, performances were broadly stable due to sequential (QoQ) improvement in volume and weaker Rupee that offset lower LME prices. Aluminum producers reported QoQ volume growth with lower cost benefit for SSLT/Nalco.
- Steel volumes for SAIL and JSW Steel declined marginally YoY, with Tata Steel reporting a marginal increase in steel volumes. While steel realisations were flat YoY, there was a sequential decline of 2.6% for SAIL and JSW Steel and a sharp 8% decline for Tata Steel.
- Russian Rouble has impacted international iron ore prices and led to higher Chinese/CIS steel exports into India. India steel producers performance was weak impacted by demand pressure, lower realization amid Chinese import and raw material availability issues.
- We believe the Q4 performance too would remain weak on the back of further softness in metals prices. Ongoing coal auction would be important for the sector. Stronger Dollar Index and expected hike in interest rates by the Federal Reserve in CY15 could pressurise non-ferrous metal prices

Media

- Aggregate revenue for media sector companies increased 9% YoY. EBITDA growth was 16% while PAT grew 24% led by sharp opex control and one-offs such as high sports loss base in case of ZEE

- Advertisement revenue growth during the quarter was muted for media companies. High base of last year (due to election spending), muted ad spends post festive month impacted growth for print media companies
- Performance of media universe stocks would be driven by improvement in collection from consumers. With the recent initiative of broadcasters, particularly STAR, in respect to all deals with multiple-system operators on a reference interconnect offer basis, industry dynamics is slated to change significantly, with growing impetus from MSOs to increase realisation and push tiering of packages. Direct-to-home could be the major beneficiary of the same, as the recent price hikes undertaken by MSOs is expected to increase the competitiveness of DTH players over digital cable and provide headroom for DTH players to undertake price hikes and implement differential pricing strategies.
- As GDP growth improves and consumer companies benefit from lower commodity prices, we expect advertising growth to bounce-back.

Oil & Gas

- Q3FY15 witnessed one of the sharpest falls in the crude oil prices, which corrected by more than 25% sequentially and by around 30% YoY. This was reflected in the results of the entire oil & gas sector. The upstream companies were hit sharply on the realisation front, the oil marketing companies (OMCs) were hit by inventory losses and the petrochemical companies were affected by a tepid offtake trend, especially in a falling price environment. The benchmark gross refining margin (GRM), Singapore GRM, improved in Q3FY2015 on both Y-o-Y and Q-o-Q bases to $6.3 per barrel.
- Gross under recoveries were down 29% QoQ to Rs.159b of which upstream shared Rs.109b (68%) and rest Rs.51b (32%) by govt. leading to nil sharing by OMCs.
- OMCs reported mixed set of numbers. GRM came negative QoQ on the back of inventory loss due to sharp correction in crude oil price. BPCL fared better on the GRM front compared to HPCL & IOCL. OMCs received 100% compensation in Q3, though government subsidy was kept limited at Rs.50.9bn at the expense of state-run upstream players
- While OMC's debt reduction continued, Marketing division profits were benefited from Rs.1/litre additional marketing margins in auto fuels
- For upstream companies, numbers were lower than estimates on the back of higher subsidy burden
- While the domestic concerns are benign, the global weakness in crude oil prices is likely to weigh on the performance of the oil & gas companies in India for some time.

Paper

- Q3FY15 results were weak due to weak demand environment and increased inventory in the system. This resulted into weaker than estimated sales however EBITDA margins of the companies were inline with estimates. Average realizations were up by 4-5% YoY however on qoq it was down by ~2% due to weak demand.

Pharmaceuticals

- The pharma companies reported a weaker performance in Q3FY2015, thanks to USFDA actions affecting supplies from the key facilities, weaker currencies in the CIS region, slower product approvals in the USA and absence of exclusivity products during the quarter. The quarter saw tepid revenues growth of just 10% YoY and flat sequentially.
- However, the domestic market, which contributed close to one-fourth of the consolidated revenues on an aggregate basis, stemmed the growth during the quarter.
- Sun Pharma FY15 revenue growth guidance is maintained at 13-15% in constant currency terms, implying strong Q4. Divi's maintained its sales guidance of 18% for FY16;. Glenmark is confident of growing its revenue by 16-18% in FY16E. Lupin targets USD5b revenue by FY18 with implied CAGR of more than 25%. Cipla has guided for a mid-teen revenue growth in FY15E, but reiterated its sales guidance of USD5b by 2020. Cadila guided for sales of Rs.100b by FY16 with ~100bps margin improvement annually over current levels.

Power

- Overall the results were a mixed bag – NTPC earnings was above expectation due to improved operational performance (improved fixed charge recovery for its projects) and coal availability, JSW energy reported better than expected earnings due to higher merchant realizations, Power grid reported in line results and very strong capitalization.
- Generating companies have operated at higher utilisation levels, due to a weak hydro season, on the back of delayed monsoons.
- During the quarter, we have seen utilities outperforming independent power producers, despite lower imported coal prices, due to unviable non-escalable tariffs, lower-than-anticipated coal supply from Coal India, and project delays leading to cost-overruns
- Coal India EBIDTA was significantly lower than estimate led by higher staff cost, contractual expenses and higher OBR provision. E-auction realisation surprised positively and was up for second quarter in row.
- We expect some demand pick-up in the coming quarters from restructuring of state electricity boards and recovery in industrial output
- Valuations of Indian utilities are still attractive (with few stocks still trading at less than 1x book). Given that the sector macro is improving and interest rates likely to head lower, we are positive on sector and select stocks.

Real Estate

- During 3QFY15, Mumbai based developers witnessed recovery in presales from low base. Improvement was more visible for projects in suburbs, while demand in central Mumbai remains flattish. Conversely, NCR region worsened further with key NCR players (MOSL coverage) showing 45% YoY drop in presales in 9MFY15.
- Among Bangalore and regionally diversified players trend has been mixed bag and contingent on launch (especially in mid-income segment).

- Most developers shared improvement in commercial demand.
- Customer collections improved for companies with uptick presales in recent times
- Managements' commentary capture the rising optimism on demand cycle pick up, REIT framework, relaxation of FDI limit and easing off of approval hurdles.

Retail

- On account of early diwali season (which ideally should have led to higher growth in Q3FY15) and sluggish market conditions growth across apparel retail companies was muted. Sales were below estimates with revenue growth of 11.9% YoY , EBITDA growth of 17.6% YoY and Adjusted PAT posted growth of 11.4% YoY
- Footwear companies barring Bata posted healthy growth on the back of the conversion from unorganized to organized segment which continues to be the key growth driver of the segment.
- In the jewellery sector, secondary sales remained flat with macro-economic weakness continuing to plague offtakes;
- Ecommerce's aggressive advertising and deep discount model impacted sales of brick and mortar retailers, especially during the festive season. This was the first time that the e-commerce players made a deep impact on the LTL growth of retailers during festive season.
- Shoppers Stop (Standalone) saw a 10 quarter low SSG of 0.8..Arvind's brand segment too performed below expectations with LTL growth of 1.9% versus an SSG of 10.2% same quarter last year.
- The festive demand was below par and going forward the demand environment is expected to improve gradually. The increasing clout of the online retailers had an impact on the profitability of the brick-and-mortar retail companies.

Telecom

- Telecom service providers reported divergent trend in traffic growth and RPM, with Idea focusing more on volume driven growth while Bharti continued its focus on voice RPM.
- Data revenue growth continued to remain robust, driven by both strong volume growth and improved realization. Data growth remained strong for all operators with traffic up 14-17% QoQ.
- Bharti's consolidated EBITDA was impacted by weak Africa performance and no growth in non-wireless segment.
- Bharti/Idea reported strong wireless EBITDA growth led by significant margin expansion on YoY basis and seasonal increase in traffic on a QoQ basis.
- With Reliance JIO launch expected in 2015, the focus is likely to shift towards potential disruption for incumbents and their data strategy. While TRAI had recommended various measures to increase spectrum supply and prevent overbidding, government imperatives pertaining to fiscal targets etc seem to have taken precedence resulting in a backdrop for a very aggressive spectrum auction.
- The business environment remains buoyant, but the spectrum auctions and the data strategy of Reliance Jio remain the key overhangs on the sector.

The Way Ahead

The outlook for full 2014-15 is far from rosy. For the first nine months, Sensex companies have reported PAT (profit after tax) growth of 7.4 per cent, Nifty ones of 5.2 per cent and BSE500 firms of 10 per cent. The average of quarterly earnings growth for Sensex companies since the June quarter of 2008-09 has been eight-10 per cent. So, earnings growth for 2014-15 will be lower than estimated.

The confidence of companies expecting a recovery in FY15 seems to have waned with many companies now painting a more muted outlook for the next few quarters.
The poor performance in Q3FY15 may lead to a cut in earnings estimates for FY16, which, in turn, could make valuations appear stretched. Analysts will look at pruning projection of a 16%+ earnings growth in FY16 for companies that constitute the Sensex and Nifty index by 100-200 bps. A significant recovery is likely only in the second half of 2015-16,

According to Bloomberg estimates, the Sensex is trading at ~18 times 1-year forward earnings, at 50%+ premium to the MSCI EM (emerging markets) Index which trades at under 12 times. The index also trades at a 15% premium to its five-year average of 16 times.

Going forward, we believe investors will have to reconcile to an earnings recovery that could, early cycle, be anemic and gather momentum only with a 4-6 quarter lag the market looks expensive, as India's improved macro position is yet to translate into earnings. The upcoming budget and budget session will be critical given that oil prices have moved up sharply in the past few weeks.

Macro factors supporting market currently in the absence of earnings improvement are India's improved macro position (low CAD, declining GFD/GDP and reasonable inflation), supportive global liquidity and ongoing reforms and expectations of further reforms are supporting the market's current high valuations in the absence of earnings recovery. High valuations of stocks reflect the market's confidence in a recovery in revenues and profits in the medium term.

We do not dispute the medium-term potential of investment in India but suspect that revenues will continue to be weak for the next few quarters. It will be interesting to see how the upcoming budget can help aid demand conditions. Incrementally, potential depreciation in INR/USD and stabilization in commodity prices can prevent incremental weakening in earnings.

The shortlist

The following is the list of companies that have come out with results in Q3FY15 that were good on one or more of the following parameters:

- Sales growth – YoY / QoQ
- PAT and OPM growth - YoY / QoQ
- P/E on 4Q trailing EPS (Consolidated P/E provided wherever available)
- Profit growth in this quarter is not due to the impact of exceptionally benevolent commodity cycle or lumpy sales.

The companies have been listed in alphabetical order and do not reflect our preference in that order.

One needs to track these stocks closely and look out for falls for entry levels to have a sufficient margin of safety.

All figures provided below are in Rs. Cr (except FV, CMP, BV & EPS). OPM and growth numbers are in %. OPM has been calculated without other income (OI) and EPS is based on trailing twelve months (TTM) adjusted PAT.

Co_Name	Industry	Net Sales Dec 14	PAT Dec 14	Latest Equity	CMP	BV	FV	EPS	Growth in Sales YoY	Growth in PAT YoY	Growth in Sales QoQ	Growth in PAT QoQ	OPM% w/o OI - Dec 14	OPM% w/o OI - Sep 14	OPM% w/o OI -Dec 13	P/E on TTM EPS	P/BV	Div Yield Latest
Aarti Drugs	Pharmaceuticals	259.6	22.8	12.1	1283.8	207.2	10	66.6	17.1%	60.7%	-9.2%	21.3%	16.9%	14.8%	16.9%	19.3	6.2	1.0%
Adani Enterp.*	Trading	17806.9	443.9	110.0	697.5	91.2	1	37.8	30.5%	550.8%	26.9%	111.1%	18.3%	20.2%	14.7%	18.4	7.6	0.2%
Adani Power*	Power Generation	5496.4	-428.7	2871.9	55.8	27.1	10	3.9	31.3%	21.3%	32.7%	46.3%	32.1%	29.2%	25.8%	14.3	2.1	0.0%
Advanta*	Miscellaneous	461.9	25.4	16.9	411.0	36.3	2	10.8	35.5%	179.0%	21.1%	35.3%	15.0%	18.8%	14.5%	38.2	11.3	0.0%
Ajanta Pharma	Pharmaceuticals	356.3	84.7	17.7	2765.3	152.4	5	82.6	21.8%	35.7%	7.6%	7.7%	36.9%	33.4%	33.2%	33.5	18.1	0.4%
Akzo Nobel	Paints / Varnishes	671.4	50.7	46.7	1466.0	181.4	10	41.7	4.3%	87.9%	13.3%	41.9%	12.0%	9.0%	6.5%	35.2	8.1	5.1%
Andhra Bank	Banks - Public Sector	4150.3	201.7	589.6	84.8	148.2	10	9.2	15.4%	342.6%	0.1%	39.6%	69.5%	72.8%	70.0%	9.2	0.6	1.3%
Apollo Hospitals	Hospitals	1182.5	106.6	69.6	1314.7	213.1	5	26.0	19.0%	27.7%	2.6%	16.5%	13.5%	15.0%	15.9%	50.5	6.2	0.4%
Automotive Axles	Auto Ancillaries	205.2	5.6	15.1	751.0	195.7	10	13.8	54.0%	92.8%	13.7%	49.1%	8.8%	6.3%	9.0%	54.4	3.8	0.3%
Avanti Feeds	Food	381.8	34.5	9.1	1656.5	191.3	10	119.8	39.1%	53.7%	-27.4%	0.9%	13.3%	10.3%	12.4%	13.8	8.7	0.0%
Axis Bank	Banks	8889.7	1899.8	472.7	552.8	161.6	2	29.7	14.1%	18.4%	3.3%	17.9%	68.3%	64.7%	71.6%	18.6	3.4	0.7%
Bajaj Corp	Personal Care	205.4	51.1	14.8	437.0	35.4	1	13.2	29.8%	33.2%	9.5%	9.4%	23.1%	21.5%	19.6%	33.1	12.3	1.5%
Bajaj Fin.	Finance - Medium	1416.4	258.4	50.2	4068.7	795.9	10	169.3	37.9%	33.1%	21.0%	31.1%	69.6%	71.9%	68.3%	24.0	5.1	0.4%
Bajaj Finserv*	Finance	1904.4	347.4	79.6	1432.6	154.8	5	105.9	36.8%	23.6%	15.6%	10.0%	70.6%	72.3%	71.2%	13.5	9.3	0.1%
Bharat Electron	Electronics - Others	1581.7	271.8	80.0	3706.4	876.9	10	138.5	34.9%	41.8%	25.0%	85.0%	17.6%	9.4%	15.2%	26.8	4.2	0.6%
Bharat Forge	Forgings - Large	1142.1	196.3	46.6	1308.6	115.7	2	27.0	41.2%	108.9%	3.0%	10.7%	31.7%	28.9%	26.5%	48.4	11.3	0.3%
Britannia Inds.*	Food And Dairy	2015.2	145.9	24.0	2065.5	71.5	2	43.4	13.7%	45.1%	3.1%	-5.2%	10.3%	11.3%	9.0%	47.5	28.9	0.6%
BS*	Transmisson Line	688.4	15.7	439.8	23.9	11.0	1	0.3	27.2%	79.7%	-3.5%	-1.5%	10.2%	8.9%	8.6%	85.6	2.2	0.0%
Cadila Health.*	Pharmaceuticals	2159.5	281.9	102.4	1540.2	177.3	5	51.4	17.5%	49.3%	4.7%	1.4%	20.7%	20.4%	15.9%	30.0	8.7	0.6%
Camlin Fine	Chemicals	108.3	6.8	9.6	90.1	8.0	1	2.2	18.7%	42.5%	11.7%	34.4%	14.7%	14.6%	17.9%	41.5	11.3	0.4%
Can Fin Homes	Finance	215.1	26.0	20.5	607.0	273.7	10	40.8	41.8%	27.5%	8.4%	40.7%	93.5%	90.4%	92.8%	14.9	2.2	1.1%
Canara Bank	Banks - Public Sector	11051.7	656.0	461.3	401.9	523.0	10	58.5	9.6%	60.2%	1.4%	4.6%	76.5%	76.3%	74.8%	6.9	0.8	2.7%
Capital First*	Finance	378.9	29.9	83.1	412.7	136.6	10	12.9	38.5%	195.8%	9.7%	10.6%	66.5%	68.6%	67.7%	31.9	3.0	0.5%
CCL Products*	Coffee	241.3	26.1	26.6	162.4	26.6	2	6.8	21.7%	51.9%	-2.4%	-0.1%	18.9%	19.6%	19.2%	23.9	6.1	0.7%
Century Ply.	Decoratives	381.9	41.4	22.3	223.4	13.0	1	5.9	25.8%	109.6%	-5.7%	15.7%	19.1%	15.8%	11.9%	37.6	17.1	0.4%
Cera Sanitary.	Ceramics	209.3	16.2	6.3	2515.6	177.2	5	51.2	30.7%	50.2%	4.9%	2.6%	14.2%	13.8%	12.9%	49.1	14.2	0.2%
Chambal Fert.	Fertilizers	2823.1	144.7	416.2	65.5	52.6	10	8.3	19.7%	60.3%	12.6%	26.1%	8.1%	9.9%	9.9%	7.9	1.2	2.9%
CholamanIn&Fn*	Finance - Large	963.8	112.8	143.7	582.6	159.8	10	27.8	14.4%	21.2%	5.1%	13.8%	70.3%	71.1%	73.0%	20.9	3.6	0.6%
Container Corpn.	Transport - Road	1451.8	301.1	195.0	1573.6	358.3	10	51.3	17.1%	20.6%	7.2%	56.9%	25.3%	23.1%	23.0%	30.7	4.4	0.8%
Cyient*	Computers	711.8	100.8	56.1	547.2	123.4	5	29.3	23.1%	45.3%	5.9%	11.8%	16.2%	16.0%	19.6%	18.7	4.4	0.9%
DCB Bank	Banks	356.5	42.5	281.5	108.7	47.9	10	5.9	22.6%	16.9%	6.5%	3.4%	66.4%	67.6%	68.9%	18.3	2.3	0.0%
Dish TV	Entertainment	711.2	-2.9	106.5	80.4	-2.9	1	-1.7	16.6%	92.5%	6.1%	81.0%	26.9%	24.2%	22.2%	-46.8	-27.7	0.0%

Co_Name	Industry	Net Sales Dec 14	PAT Dec 14	Latest Equity	CMP	BV	FV	EPS	Growth in Sales YoY	Growth in PAT YoY	Growth in Sales QoQ	Growth in PAT QoQ	OPM% w/o OI - Dec 14	OPM% w/o OI - Sep 14	OPM% w/o OI -Dec 13	P/E on TTM EPS	P/BV	Div Yield Latest
Dishman Pharma.*	Pharmaceuticals	385.8	24.0	16.1	153.9	98.6	2	12.9	23.1%	58.5%	-1.7%	-28.0%	19.2%	22.4%	19.7%	12.0	1.6	0.8%
Edelweiss.Fin.*	Finance	950.6	82.9	78.8	68.9	15.5	1	3.8	49.6%	43.4%	5.6%	4.6%	62.7%	61.4%	62.4%	18.0	4.4	1.0%
Emami*	Personal Care	692.3	183.7	22.7	990.2	40.9	1	20.6	18.4%	21.9%	41.4%	98.0%	30.2%	23.1%	31.8%	48.1	24.2	0.7%
Ent.Network*	Entertainment	116.7	32.8	47.7	604.3	121.7	10	21.4	18.8%	26.9%	12.1%	40.9%	38.4%	30.4%	38.9%	28.3	5.0	0.2%
Eros Intl.Media*	Entertainment	490.7	109.3	92.5	375.4	96.6	10	25.6	13.4%	18.9%	104.6%	118.1%	30.0%	30.6%	31.3%	14.7	3.9	0.0%
Excel Inds.	Chemicals	115.2	8.5	6.0	334.7	129.0	5	31.8	18.4%	507.1%	-11.7%	-20.9%	16.1%	16.9%	8.0%	10.5	2.6	1.1%
Exide Inds.	Auto Ancillaries	1557.9	97.2	85.0	178.0	43.6	1	6.4	19.7%	25.4%	-11.5%	-22.7%	11.6%	11.8%	11.0%	28.0	4.1	1.0%
Gallantt Metal	Steel -	203.8	9.1	81.3	25.8	30.4	10	3.4	18.1%	112.4%	28.2%	39.4%	8.7%	8.8%	6.8%	7.7	0.8	0.0%
Gati*	Couriers	420.7	11.4	17.5	248.4	72.5	2	5.0	14.5%	71.3%	2.7%	27.4%	7.7%	7.9%	8.2%	49.2	3.4	0.3%
GE Shipping Co*	Shipping	873.9	181.7	150.8	355.7	318.8	10	44.7	16.1%	79.0%	2.3%	-12.1%	39.0%	43.0%	46.6%	8.0	1.1	2.5%
Genus Power	Electronics	211.2	14.6	25.7	26.2	16.9	1	2.2	20.3%	30.9%	-11.1%	106.2%	12.6%	6.5%	14.2%	12.0	1.6	0.4%
Gillette India	Personal Care	498.1	36.9	32.6	4105.4	197.4	10	24.5	16.8%	233.9%	13.5%	108.5%	13.4%	5.2%	3.4%	167.7	20.8	0.0%
Grindwell Norton*	Abrasives & Grinding	277.5	25.4	27.7	711.3	100.8	5	18.0	17.3%	35.1%	-3.9%	-2.0%	16.0%	15.4%	14.1%	39.4	7.1	0.9%
GRUH Finance	Finance	271.1	44.7	72.7	262.3	16.7	2	5.6	24.7%	27.0%	5.2%	3.8%	89.1%	91.0%	90.8%	46.9	15.7	1.1%
Guj Fluorochem*	Industrial Gas	1607.5	107.0	11.0	775.5	229.7	1	28.5	90.7%	276.0%	28.2%	-4.5%	18.7%	21.7%	16.8%	27.2	3.4	0.5%
Guj Pipavav Port	Miscellaneous	169.6	89.3	483.4	216.3	35.7	10	6.8	32.0%	47.2%	7.9%	-0.2%	59.3%	61.0%	65.0%	31.6	6.1	0.0%
H D I L*	Construction	347.3	67.3	419.0	112.0	248.8	10	7.0	354.1%	1219.4%	33.8%	16.3%	61.1%	72.9%	260.0%	15.9	0.5	0.0%
HCL Technologies*	Computers	9283.0	1915.0	140.5	1984.1	224.1	2	103.2	13.4%	28.0%	6.3%	2.2%	25.0%	24.5%	24.0%	19.2	8.9	0.5%
Hil Ltd	Cement Products	246.0	8.5	7.5	637.0	514.6	10	78.9	23.1%	7200.0%	8.0%	-43.4%	8.0%	7.1%	2.4%	8.1	1.2	0.8%
Hind.Construct.	Construction	1094.7	27.1	64.6	34.6	20.3	1	1.3	28.5%	403.5%	17.5%	301.5%	18.9%	18.9%	20.6%	26.1	1.7	0.0%
Hind.Zinc	Metal - Zinc	3803.7	2379.4	845.1	172.9	88.6	2	19.1	11.5%	38.1%	1.5%	8.8%	54.9%	53.3%	53.5%	9.1	2.0	2.0%
Hi-Tech Gears	Auto Ancillaries	113.4	5.4	18.8	324.8	77.8	10	8.1	25.7%	31.4%	5.8%	74.2%	13.2%	10.3%	13.4%	40.0	4.2	0.5%
HSIL	Ceramics	455.5	30.3	13.2	407.9	169.8	2	14.2	26.1%	156.9%	9.2%	58.8%	20.7%	17.9%	16.8%	28.7	2.4	0.7%
Huhtamaki PPL*	Packaging	307.1	15.9	14.5	217.9	77.1	2	8.4	10.1%	37.8%	-1.4%	20.2%	9.4%	8.7%	9.7%	26.1	2.8	1.3%
Idea Cellular*	Telecommunications	8009.2	767.1	3597.5	152.4	53.8	10	7.9	21.2%	64.0%	5.9%	1.5%	34.4%	32.9%	31.1%	19.3	2.8	0.3%
IFB Inds.	Domestic Appliances	325.1	15.8	41.3	494.9	82.6	10	14.0	18.9%	78.6%	6.1%	2.5%	6.7%	9.4%	6.1%	35.4	6.0	0.0%
IIFL Holdings*	Securities/Comm	922.5	112.3	61.2	177.0	43.2	2	13.0	34.2%	67.4%	3.4%	2.6%	61.2%	60.1%	60.4%	13.7	4.1	1.7%
Indiabulls Hous.*	Finance	1618.1	478.1	71.0	630.5	166.8	2	50.7	13.0%	21.0%	12.5%	6.7%	91.8%	93.0%	94.7%	12.4	3.8	4.6%
Indian Hume Pipe	Cement Products	263.8	12.5	4.8	293.2	105.1	2	13.6	9.2%	79.5%	5.5%	31.3%	10.6%	10.8%	8.7%	21.5	2.8	0.8%
Indoco Remedies	Pharmaceuticals	212.9	21.6	18.4	291.4	49.6	2	9.0	13.0%	53.1%	-6.0%	-3.5%	20.0%	21.5%	15.8%	32.5	5.9	0.5%
IndusInd Bank	Banks - Private Sector	2437.0	447.2	528.5	856.2	163.3	10	32.1	13.7%	28.9%	2.4%	3.9%	67.3%	68.9%	67.8%	26.7	5.2	0.4%
Inox Leisure	Entertainment	263.2	11.8	96.2	174.8	40.6	10	2.6	31.4%	82.8%	10.5%	89.9%	16.1%	15.1%	13.4%	67.7	4.3	0.0%
ISGEC Heavy	Engineering	745.7	37.5	7.4	5994.0	879.4	10	180.7	40.5%	115.7%	-9.1%	-9.1%	9.2%	9.2%	6.5%	33.2	6.8	0.1%
Jamna Auto Inds.*	Auto Ancillaries	257.3	5.4	39.6	210.7	46.1	10	4.3	54.2%	165.5%	2.9%	71.1%	8.5%	6.1%	1.2%	49.0	4.6	0.5%
JK Paper	Paper - Large	544.7	11.4	136.6	35.2	58.2	10	-3.3	16.8%	153.5%	2.5%	157.9%	13.8%	9.0%	4.4%	-10.6	0.6	0.0%
JM Financial*	Finance	306.5	87.0	78.3	51.6	21.2	1	3.8	66.4%	97.1%	-3.2%	-5.6%	83.8%	78.3%	71.8%	13.6	2.4	1.9%
Jubilant Food.	Food And Dairy	554.3	35.0	65.6	1678.0	86.0	10	17.8	21.4%	4.2%	10.6%	20.7%	13.1%	12.2%	14.8%	94.3	19.5	0.0%
Jyothy Lab.*	Detergents	356.4	26.5	18.1	277.9	48.6	1	6.4	13.7%	20.0%	-3.1%	5.3%	10.2%	9.1%	13.0%	43.5	5.7	1.1%
Kajaria Ceramics*	Ceramics	553.8	45.6	15.9	794.2	74.6	2	20.9	30.1%	55.2%	3.3%	14.7%	15.8%	15.2%	15.6%	38.0	10.7	0.4%
KDDL Ltd*	Watches & Accessories	118.6	3.3	9.1	341.6	54.4	10	12.4	28.6%	15.6%	23.3%	11.0%	10.4%	11.5%	9.7%	27.6	6.3	0.4%
KEI Inds.	Cables	496.6	8.9	15.5	56.3	36.0	2	3.4	22.3%	83.3%	-1.1%	-3.8%	10.4%	9.6%	10.1%	16.7	1.6	0.4%
Kitex Garments	Textiles	114.2	23.1	4.8	509.1	36.7	1	16.4	22.8%	104.3%	-5.6%	19.7%	36.7%	27.8%	21.8%	31.0	13.9	0.2%
Kotak Mah. Bank*	Banks	3397.8	716.6	385.9	1339.4	159.1	5	36.2	13.5%	21.2%	4.0%	-0.2%	28.6%	34.0%	35.1%	37.0	8.4	0.1%
KSE	Solvent Extraction - Large	229.1	11.2	3.2	663.5	151.8	10	93.3	12.9%	69.0%	-2.2%	14.7%	8.2%	6.4%	5.6%	7.1	4.4	3.0%
Lak. Vilas Bank	Banks	562.0	32.6	178.9	97.6	77.2	10	6.3	11.0%	338.2%	2.0%	3.4%	69.9%	71.5%	67.6%	15.4	1.3	1.0%
Liberty Shoes	Leather / Synthetic Footware	144.4	4.2	17.0	282.6	80.7	10	8.6	20.5%	14.2%	0.4%	56.8%	8.3%	6.4%	8.5%	32.9	3.5	0.5%
LIC Housing Fin.	Finance - Large	2667.8	344.4	100.9	481.2	149.3	2	27.3	15.4%	5.4%	2.8%	0.9%	97.7%	98.3%	98.6%	17.6	3.2	0.9%
Lycos Internet*	Computers	595.7	98.9	95.3	34.2	12.9	2	6.3	28.8%	49.1%	29.4%	19.9%	27.6%	29.7%	21.7%	5.4	2.7	0.0%
M M Forgings	Forgings - Large	122.8	13.0	12.1	671.5	162.2	10	39.1	22.5%	85.0%	0.6%	-0.8%	23.2%	22.9%	19.3%	17.2	4.1	0.6%
Madhucon Proj.	Construction	425.0	17.1	7.4	50.7	95.7	1	7.0	152.7%	882.2%	72.0%	78.8%	13.2%	17.1%	27.0%	7.2	0.5	0.4%
Magma Fincorp*	Finance	616.8	44.0	38.1	97.5	66.5	2	9.0	16.9%	24.9%	7.8%	7.3%	60.4%	62.1%	66.0%	10.9	1.5	0.8%
Mahindra Holiday	Hotels	194.5	23.5	88.0	259.9	89.1	10	10.6	6.9%	15.6%	9.0%	-5.1%	24.2%	29.6%	18.6%	24.6	2.9	1.5%

Co_Name	Industry	Net Sales Dec 14	PAT Dec 14	Latest Equity	CMP	BV	FV	EPS	Growth in Sales YoY	Growth in PAT YoY	Growth in Sales QoQ	Growth in PAT QoQ	OPM% w/o OI - Dec 14	OPM% w/o OI - Sep 14	OPM% w/o OI -Dec 13	P/E on TTM EPS	P/BV	Div Yield Latest
Mahindra Life.*	Construction	238.8	32.8	41.0	534.6	277.4	10	64.8	66.3%	12.4%	31.5%	39.8%	28.0%	25.5%	30.2%	8.2	1.9	1.1%
Maithan Alloys	Ferro Alloys	207.6	12.4	14.6	176.3	199.3	10	37.3	9.0%	111.6%	-14.5%	-18.4%	8.4%	9.0%	5.2%	4.7	0.9	1.1%
Manali Petrochem	Petrochemicals	181.9	15.2	86.0	16.8	12.3	5	2.4	17.3%	64.1%	-4.9%	16.0%	12.5%	10.8%	8.5%	6.9	1.4	3.0%
Marico*	Personal Care	1448.9	159.9	64.5	354.0	30.6	1	8.6	20.9%	18.1%	1.4%	35.2%	16.4%	13.7%	16.8%	41.3	11.6	1.0%
Marksans Pharma*	Pharmaceuticals	213.3	27.7	38.5	59.6	3.8	1	2.5	26.4%	23.3%	1.3%	-11.0%	24.6%	24.2%	21.0%	24.2	15.7	0.2%
Maruti Suzuki	Automobiles	12263.1	802.2	151.0	3578.9	694.5	5	106.8	15.5%	17.8%	2.2%	-7.0%	13.0%	12.7%	12.8%	33.5	5.2	0.3%
Minda Corp*	Auto Ancillaries	525.6	24.0	20.9	95.0	13.8	10	47.3	36.3%	110.4%	9.5%	10.5%	10.7%	9.5%	8.4%	2.0	6.9	2.1%
Minda Inds.	Auto Ancillaries	357.1	12.6	15.9	605.3	208.2	10	32.6	27.5%	211.9%	4.3%	-6.4%	8.7%	8.0%	6.3%	18.6	2.9	0.5%
Mirza Internatio	Leather / Synthetic Footware	229.5	15.5	18.5	89.6	30.9	2	5.1	33.0%	42.7%	-11.6%	14.7%	18.0%	14.1%	17.1%	17.7	2.9	0.6%
Motil.Oswal.Fin.*	Finance	171.5	35.9	13.9	293.0	37.4	1	9.1	57.3%	88.7%	5.3%	10.0%	35.8%	34.7%	9.7%	32.2	7.8	0.7%
Mukand	Steel	713.1	5.8	141.4	52.0	33.0	10	1.3	15.8%	336.3%	-5.9%	43.3%	12.8%	11.0%	6.8%	41.5	1.6	0.0%
Nandan Denim	Textiles	277.6	12.6	45.6	65.3	47.5	10	10.6	25.7%	38.1%	0.2%	5.7%	15.7%	15.9%	17.3%	6.1	1.4	1.8%
Natl. Aluminium	Aluminium	1876.8	354.5	1288.6	48.0	47.0	5	4.6	15.8%	170.5%	-4.0%	3.8%	28.1%	24.3%	12.6%	10.5	1.0	3.1%
NCC*	Construction	2648.0	25.6	111.2	77.8	56.1	2	0.1	40.9%	437.2%	3.4%	909.2%	10.4%	10.2%	10.9%	900.5	1.4	0.3%
NCL Inds.	Cement	136.4	6.9	34.9	43.1	39.8	10	-7.7	19.9%	202.2%	9.1%	255.7%	16.8%	14.9%	10.5%	-5.6	1.1	0.0%
Neo Corp Intern*	Packaging	345.1	12.8	38.0	39.1	67.5	10	10.5	94.5%	92.9%	5.2%	-4.3%	10.1%	11.0%	13.0%	3.7	0.6	0.5%
Nilkamal Ltd	Plastics	420.6	8.5	14.9	430.3	310.2	10	23.4	11.7%	19.0%	-8.1%	23.7%	7.4%	6.9%	8.2%	18.4	1.4	0.9%
Nitin Fire Prot.	Fire	94.0	5.1	58.5	42.1	5.1	2	0.4	33.6%	37.3%	-41.1%	106.5%	11.5%	6.7%	15.2%	103.7	8.3	0.5%
NOCIL	Chemicals	176.7	16.5	160.8	35.5	23.4	10	3.1	21.3%	99.3%	1.4%	26.1%	17.8%	15.2%	13.8%	11.5	1.5	1.7%
NRB Bearings	Bearings - Large	164.1	12.3	19.4	142.1	24.4	2	5.4	10.6%	41.4%	-5.2%	-17.5%	18.5%	19.0%	17.6%	26.3	5.8	0.8%
Oberoi Realty*	Construction	215.7	79.2	328.2	314.5	83.3	10	8.9	27.7%	16.4%	17.3%	12.3%	58.7%	60.8%	53.1%	35.5	3.8	0.6%
OCL India	Cement	540.7	28.8	11.4	518.8	195.1	2	21.0	30.4%	199.1%	15.2%	125.8%	16.1%	12.2%	13.0%	24.7	2.7	0.8%
OCL Iron & Steel	Steel	270.3	8.3	13.4	23.7	43.4	1	-0.1	101.1%	139.0%	0.5%	213.4%	20.8%	12.0%	4.2%	-397.3	0.5	0.0%
P I Inds.	Pesticides	502.1	62.2	13.7	629.8	49.9	1	16.7	38.3%	79.3%	18.1%	27.1%	18.7%	17.1%	16.4%	37.7	12.6	0.3%
PC Jeweller	Diamond Cutting	1821.7	109.3	179.1	260.4	93.9	10	19.1	40.4%	36.7%	53.9%	38.0%	11.2%	14.4%	9.7%	13.6	2.8	0.6%
Power Grid Corpn	Power Generation	4352.4	1228.9	5231.6	154.5	65.9	10	9.1	18.2%	17.9%	4.8%	2.3%	85.9%	86.2%	84.3%	17.0	2.3	1.7%
Pratibha Inds.*	Construction	793.4	12.9	20.2	43.2	67.5	2	4.0	42.8%	55.9%	11.2%	28.1%	14.4%	14.5%	14.3%	10.9	0.6	0.5%
Puravankar.Proj.*	Construction	374.5	32.6	118.6	79.8	76.4	5	5.8	41.6%	62.7%	-11.9%	52.5%	18.0%	21.9%	32.5%	13.7	1.0	2.4%
PVR*	Printing & Stationery	419.4	31.6	41.4	671.0	94.3	10	9.8	24.9%	122.8%	5.3%	242.9%	19.8%	14.7%	14.7%	68.3	7.1	0.4%
R C F	Fertilizers	1960.4	94.3	551.7	70.0	45.5	10	7.4	39.7%	78.3%	-11.1%	21.6%	9.8%	11.7%	9.2%	9.5	1.5	2.1%
Rajesh Exports*	Diamond Cutting	12432.4	171.3	29.5	168.4	88.5	1	17.2	147.5%	86.8%	13.4%	7.2%	2.2%	2.4%	3.4%	9.8	1.9	0.6%
Ramco Inds.*	Cement Products	196.1	8.1	8.7	80.6	53.1	1	7.6	11.1%	221.9%	0.6%	-72.1%	8.5%	9.0%	5.2%	10.7	1.5	0.3%
Ramkrishna Forg.	Forgings	189.4	17.7	27.5	446.9	121.8	10	14.1	126.8%	2231.6%	34.4%	69.4%	20.1%	19.0%	13.9%	31.7	3.7	0.2%
Rane Brake Lin.	Auto Ancillaries	101.0	4.4	7.9	305.0	141.9	10	24.3	8.8%	78.4%	1.2%	151.1%	11.4%	7.8%	8.7%	12.6	2.1	2.5%
Ratnamani Metals	Steel	487.2	52.5	9.4	735.3	164.0	2	40.9	40.4%	46.1%	14.6%	6.7%	19.5%	20.7%	18.6%	18.0	4.5	0.6%
Relaxo Footwear	Leather / Synthetic	330.7	19.9	6.0	650.0	46.1	1	13.7	27.6%	88.2%	-0.4%	14.9%	12.9%	11.6%	11.2%	47.4	14.1	0.1%
Ricoh India	Office Equipment	409.0	10.6	39.8	527.3	35.2	10	1.7	80.4%	5123.8%	9.4%	472.8%	8.4%	5.0%	7.3%	315.3	15.0	0.0%
Rural Elec.Corp.	Finance	5144.5	1379.8	987.5	318.2	209.3	10	54.2	18.8%	12.4%	3.2%	-8.1%	96.5%	99.3%	98.0%	5.9	1.5	3.0%
Sadbhav Engg.	Construction	722.3	37.7	17.2	311.9	75.8	1	8.7	16.3%	45.5%	21.5%	272.1%	10.2%	10.0%	10.4%	35.8	4.1	0.2%
Shilpi Cable*	Cables	859.8	40.0	98.6	42.2	22.5	10	14.8	92.0%	26.9%	15.3%	-0.3%	7.3%	8.5%	11.2%	2.8	1.9	2.4%
Shreyas Shipping*	Shipping	139.7	21.7	22.0	457.8	60.7	10	26.2	18.3%	844.3%	0.1%	-3.5%	19.4%	20.0%	4.2%	17.5	7.5	0.1%
Sintex Inds.*	Plastics	1826.0	168.0	37.3	106.0	90.6	1	13.5	32.7%	92.7%	9.2%	51.6%	16.5%	16.9%	17.5%	7.8	1.2	0.0%
SKS Microfinance	Finance	163.5	41.1	126.1	417.4	67.9	10	13.8	42.4%	91.6%	-1.4%	-27.6%	60.2%	68.8%	64.1%	30.2	6.1	0.0%
Solar Inds.*	Industrial Explosives	318.8	37.2	18.1	3246.2	251.7	10	88.8	12.5%	28.1%	8.2%	9.1%	18.8%	18.5%	18.6%	36.6	12.9	0.4%
Somany Ceramics	Ceramics - Tiles	371.2	11.0	7.8	371.4	56.8	2	10.5	30.9%	130.5%	0.3%	5.0%	6.5%	6.4%	6.0%	35.4	6.5	0.4%
Sonata Software*	Computers	466.4	34.7	10.5	144.5	30.4	1	11.4	20.7%	60.5%	15.1%	11.5%	9.7%	10.2%	8.0%	12.6	4.8	0.0%
SPML Infra	Construction	296.0	7.6	7.3	79.4	123.4	2	23.6	18.1%	113.6%	24.0%	291.7%	13.5%	16.6%	-9.7%	3.4	0.6	0.0%
Srikalahas. Pip.	Steel	308.0	21.4	39.8	132.4	56.7	10	17.4	20.0%	142.1%	19.8%	16.6%	16.0%	17.1%	12.7%	7.6	2.3	1.1%
Steel Str. Wheel	Auto Ancillaries	266.7	9.6	15.2	347.5	204.1	10	20.9	7.2%	45.4%	-15.5%	-18.6%	8.9%	8.7%	10.0%	16.6	1.7	0.4%
Sterlite Tech.	Cables - Telephone	873.2	23.1	78.8	65.2	30.9	2	1.4	31.1%	325.5%	52.1%	83.6%	11.4%	10.2%	7.6%	46.5	2.1	0.5%
Sunil Hitech	Engineering	416.9	9.1	15.3	149.6	214.3	10	23.1	15.1%	45.4%	37.1%	39.6%	8.3%	10.8%	9.3%	6.5	0.7	0.8%

Co_Name	Industry	Net Sales Dec 14	PAT Dec 14	Latest Equity	CMP	BV	FV	EPS	Growth in Sales YoY	Growth in PAT YoY	Growth in Sales QoQ	Growth in PAT QoQ	OPM% w/o OI - Dec 14	OPM% w/o OI - Sep 14	OPM% w/o OI -Dec 13	P/E on TTM EPS	P/BV	Div Yield Latest
Symphony	Domestic Appliances	151.4	36.0	7.0	2177.4	66.5	2	33.5	31.4%	45.3%	47.4%	66.5%	34.5%	30.6%	30.5%	64.9	32.7	0.6%
T.V. Today Netw.	Entertainment	131.2	26.3	29.8	239.5	63.6	5	14.8	18.2%	27.6%	17.9%	99.4%	33.3%	21.2%	31.8%	16.2	3.8	0.4%
Tata Elxsi*	Computers	221.5	27.8	31.1	1021.2	75.4	10	30.2	10.7%	28.8%	7.6%	17.4%	22.8%	20.3%	21.8%	33.8	13.5	0.9%
TCPL Packaging	Packaging - Others	130.6	9.1	8.7	430.8	101.1	10	31.9	27.2%	168.5%	6.5%	11.1%	16.7%	16.5%	15.5%	13.5	4.3	0.6%
Technocraf.Inds.	Steel - Tubes / Pipes	204.2	22.2	31.5	234.4	170.2	10	26.7	19.6%	57.7%	20.0%	32.6%	19.2%	15.8%	8.5%	8.8	1.4	2.1%
Technofab Engg.	Engineering	113.6	2.1	10.5	170.7	199.7	10	6.0	37.2%	254.2%	25.0%	43.2%	8.4%	7.5%	6.4%	28.2	0.9	0.0%
Thomas Cook (I)*	Travel Agencies	734.9	18.2	25.5	195.7	25.0	1	3.6	58.8%	38.3%	20.7%	-18.1%	6.4%	9.1%	7.6%	54.6	7.8	0.0%
Time Technoplast*	Plastics	631.2	27.6	21.0	51.5	36.6	1	5.0	15.2%	21.3%	4.3%	8.1%	13.8%	14.3%	14.2%	10.2	1.4	0.9%
Timken India	Bearings - Large	226.2	16.8	68.0	538.9	56.2	10	11.5	31.3%	266.7%	-2.3%	-19.2%	11.8%	14.0%	5.6%	46.8	9.6	1.2%
Torrent Power*	Power Generation	2490.4	68.8	472.5	174.1	130.7	10	7.7	26.3%	293.7%	-5.1%	114.2%	22.9%	14.2%	13.9%	22.6	1.3	0.3%
TV18 Broadcast*	Entertainment	607.2	56.0	342.8	34.2	20.3	2	1.3	15.6%	8.3%	9.7%	29.5%	13.1%	10.2%	14.7%	26.9	1.7	0.0%
TVS Motor Co.	Automobiles	2612.6	90.2	47.5	271.1	29.8	1	7.0	28.4%	31.1%	-0.9%	-4.9%	6.1%	6.2%	6.1%	38.9	9.1	0.5%
TVS Srichakra	Tyres - Large	486.3	26.5	7.7	1608.5	265.9	10	119.4	16.9%	152.0%	-0.2%	1.6%	10.4%	10.4%	7.4%	13.5	6.1	1.0%
UPL*	Pesticides / Agrochemicals	3010.1	262.3	85.7	410.6	77.2	2	25.2	15.6%	3.3%	15.0%	50.6%	18.5%	17.7%	16.3%	16.3	5.3	1.0%
Usher Agro	Food	453.0	21.1	38.1	49.0	100.9	10	20.3	63.1%	25.9%	13.5%	19.4%	13.4%	13.9%	13.3%	2.4	0.5	0.0%
Vakrangee*	Computers	702.2	89.3	50.4	126.8	14.0	1	5.9	43.5%	80.3%	0.6%	11.6%	27.6%	25.9%	28.6%	21.4	9.1	0.2%
Vinati Organics	Pharmaceuticals	196.4	30.8	10.3	502.5	64.4	2	21.5	15.4%	32.7%	2.0%	8.4%	27.0%	25.2%	23.4%	23.4	7.8	0.6%
Vindhya Telelink	Cables	157.0	9.6	11.8	490.0	205.5	10	26.4	22.2%	42.5%	38.5%	47.8%	14.1%	9.6%	10.8%	18.6	2.4	0.4%
Vishnu Chemicals	Chemicals	101.2	5.9	12.0	179.0	60.4	10	15.0	26.9%	62.4%	-7.6%	47.7%	20.7%	16.3%	20.6%	11.9	3.0	0.0%
V-Mart Retail	Trading	239.7	24.1	18.0	604.0	94.5	10	21.2	22.7%	71.1%	66.1%	535.0%	14.4%	3.0%	13.2%	28.5	6.4	0.2%
WABCO India	Auto Ancillaries	300.5	28.3	9.5	5042.9	398.3	5	64.9	24.5%	40.2%	-1.0%	-9.4%	15.8%	16.7%	14.9%	77.7	12.7	0.1%
Whirlpool India	Domestic Appliances	832.5	31.5	126.9	682.3	57.3	10	15.0	12.9%	48.4%	-1.3%	-22.5%	6.5%	7.6%	5.0%	45.4	11.9	0.0%
Wockhardt*	Pharmaceuticals	1382.1	347.3	55.0	1605.1	85.2	5	41.1	11.8%	37.9%	45.8%	9466.1%	33.5%	17.5%	19.5%	39.1	18.8	0.6%
Yes Bank	Banks	2971.7	540.3	417.3	794.9	241.0	10	45.2	18.2%	30.0%	4.9%	12.0%	78.0%	76.5%	82.0%	17.6	3.3	1.0%
Zee Entertainmen*	Entertainment	1363.7	308.6	96.0	348.6	20.3	1	10.0	14.8%	44.5%	22.0%	35.6%	25.9%	28.7%	24.5%	34.7	17.2	0.6%
Zensar Tech.*	Computers	717.7	69.5	44.0	703.0	146.6	10	56.4	21.2%	37.1%	10.8%	3.3%	14.7%	15.4%	14.7%	12.5	4.8	1.4%

Note:
1) While compiling the above, we have excluded companies whose average of 4 quarter sales is less than 100 crores
2) * - Consolidated numbers; Book value is standalone even for companies with consolidated figures, CMP is as of 25 February 2015, PAT is adjusted and not reported,

RETAIL RESEARCH Tel: (022) 3075 3400 Fax: (022) 2496 5066 Corporate Office

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066 Website: www.hdfcsec.com Email: hdfcsecretailresearch@hdfcsec.com