April 07, 2021

SENSE & SENTIMENT

Q4 FY21 Earnings Preview

YSEC UNIVERSE: PAT TO GROW 77% Y/Y

- ✓ Revenue (ex-financials) to grow at 9.2% y/y, primarily driven by consumer facing stocks, Infra and logistics. Base effect also remains favorable for all the sectors.
- ✓ For Financials, NIIs of Banks is expected to expand by 21% y/y, the highest in 8 quarters, spearheaded by strong performance from SBI. While NBFCs will lag in terms of NII growth.
- ✓ Despite rising input costs, we see operating margins to increase by 40bps sequentially in the wake of expanding revenues and better pricing power
- ✓ PAT (ex-Financials) is likely to grow at 75% y/y, largely driven by strong performance from Oil & Gas sector. Barring building materials, all sectors will see expansion in earnings. We are seeing a 24% y/y de-growth for Building materials in Q4, as the number of corresponding quarter in FY20 was inflated by Tax reversal for Ultratech.
- ✓ Earnings of Financials (excluding non-lending financials) are poised to double, manifested by 218% y/y growth for ICICI Bank. This will boost PAT of our coverage universe by 77% y/y basis.

NIFTY 50

- ✓ Although Q4 FY21 Nifty EPS growth is at record high of 150% y/y, the absolute EPS is replicating Q3 levels.

Exhibit 1: YSEC Universe – Stocks on the Radar

Sector	Earning Expectations	
	Strong	Weak
Capital Goods & Defense	BDL	Siemens
	BEL	
Consumer Durables	Dixon Tech	
	Havells India	
Consumer Staples and Discretionary	Page Industries	ITC
	Tata Consumer	ABFRL
Cement	Ambuja Cement	STAR Cements
	Ultratech Cement	
Financials	AU Small Finance	
	Can Fin	Manappuram
	Shriram Transport	
	Chola	
AMC	UTI AMC	NAM India
Life Insurance	SBI Life	-
IT	Infosys	Tech M
	L&T Infotech	Mphasis
Healthcare	Dr. Reddy	Lupin
	IPCA	Alembic Pharma
Infrastructure	PNC Infra	
	HG Infra	
Logistics	Transport Corp	
Telecom	Airtel	Vodafone
Oil & Gas	ONGC	Gujarat Gas
	IGL	

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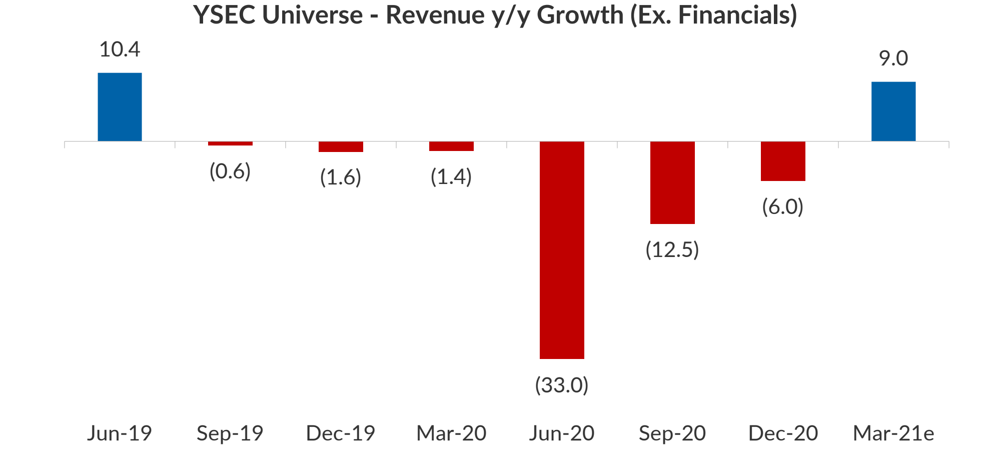
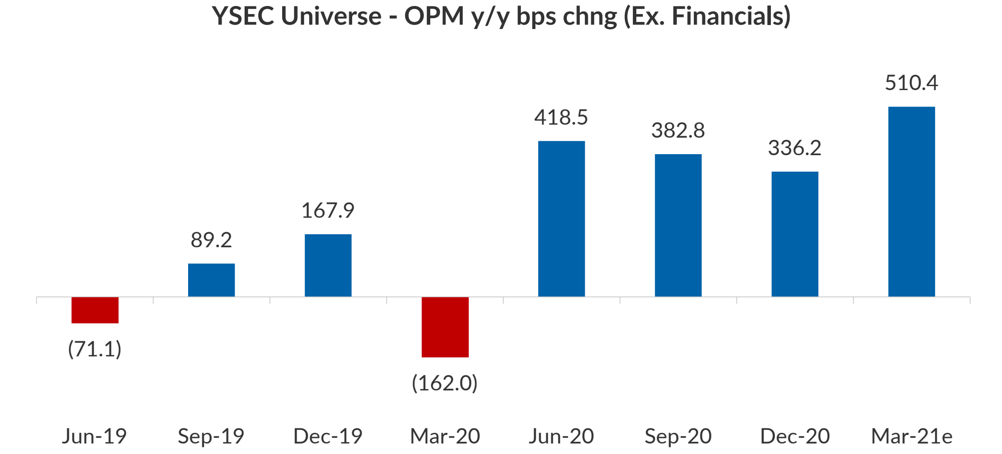
Exhibit 2: Revenues in black after five quarters of contraction



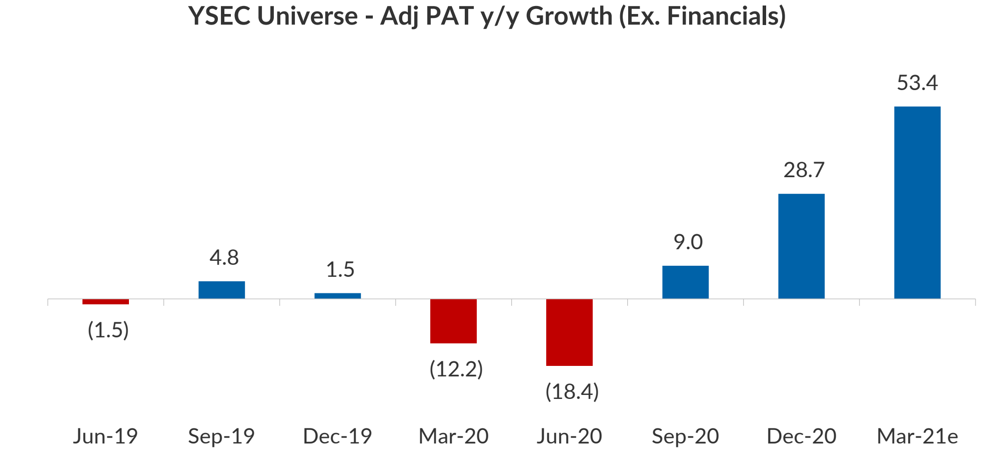
Note: Excludes Non-lending & lending financials, Indus Tower and Adani Ports

Exhibit 3: Q4FY21 Operating Margin growth to expand 5% y/y and 40bps sequentially



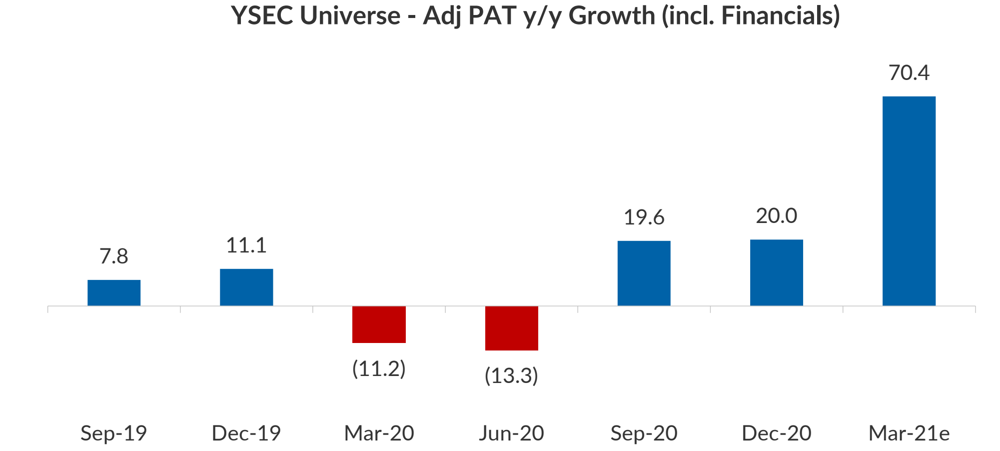
Note: Excludes Non-lending & lending financials, Indus Tower and Adani Ports

Exhibit 4: Depressed base to make Earnings growth look the best in eight quarters...



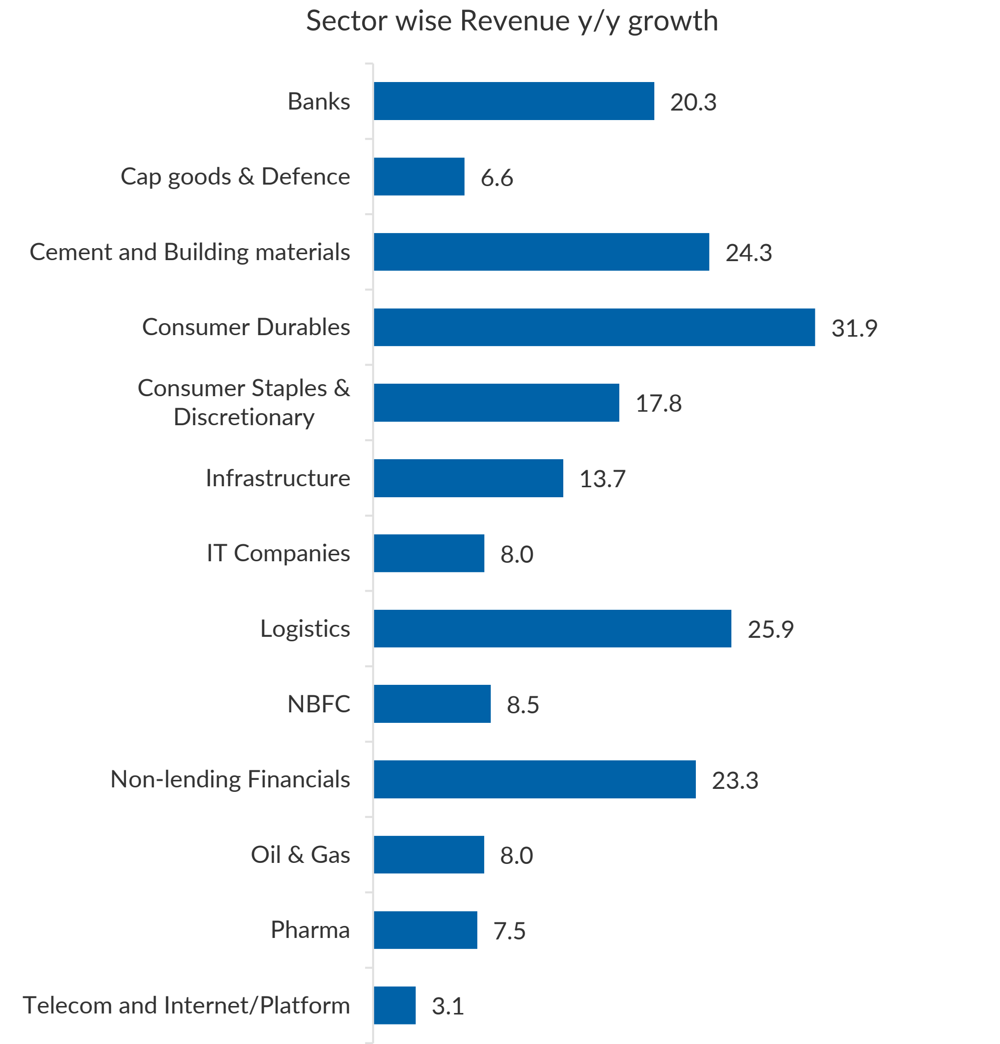
Note: Excludes Non-lending & lending financials, Vodafone, Airtel, Indus Tower and Adani Ports

Exhibit 5: ...while financials to further augment PAT growth



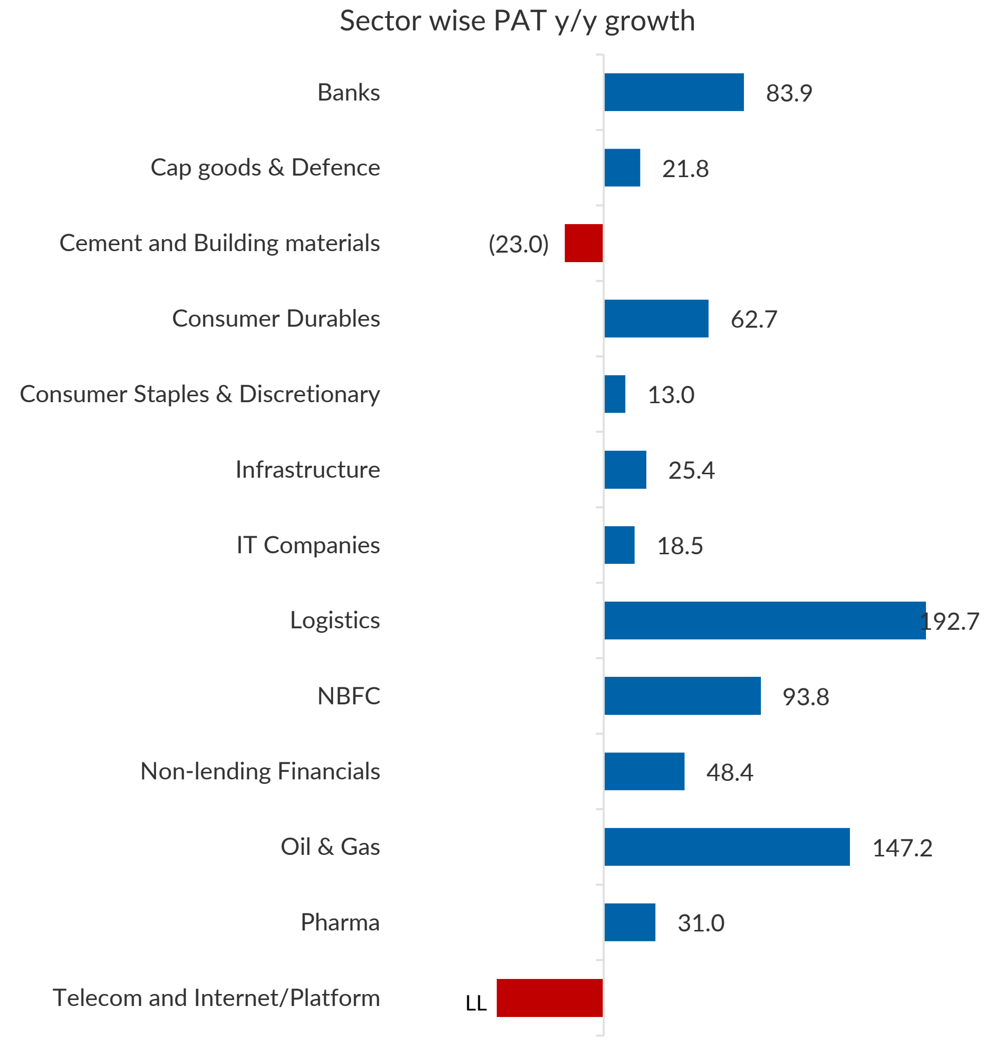
Note: Excludes Vodafone, Airtel, Indus Tower and Adani Ports & non lending financials. Adjusted PAT in Oil & Gas Companies includes Tax adjustments

Exhibit 6: Revenue growth across the board…



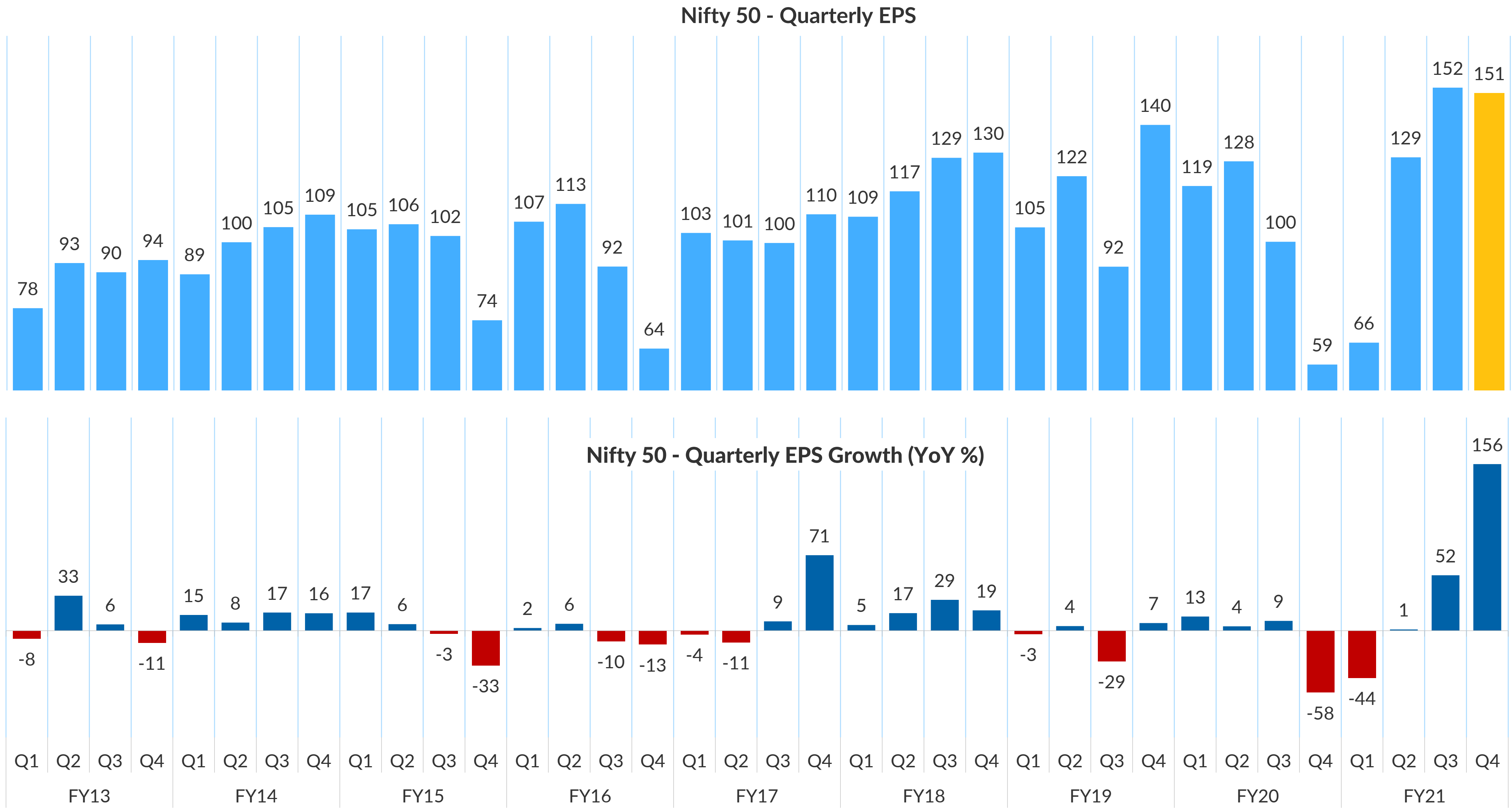
Note: NII considered for Financials, NBP for Life Insurance, NEP for General Insurance while calculating revenues

Exhibit 7: …translating into sizable earnings uptick for various sectors



Note: Considered VNB margins for Life Insurance Cos. Adjusted PAT in Oil & Gas Companies includes Tax adjustments

Exhibit 8: Although Q4 FY21 Nifty EPS growth optically appears at record high, the absolute number is replicating Q3 levels.



Source: Bloomberg, YES Sec – Research

Non-Lending Financials

AMC INDUSTRY

- ✓ Industry QAUM is expected to give stellar growth of 15-16% on y/y basis mainly driven by healthy inflows in Debt schemes accompanied by strong equity market movement and base effect of last March where equity market saw a sharp fall.
- ✓ Share of Equity AUM gradually inching-up, aiding yields to catch-up on sequential basis and narrowing the yield gap on yoy basis.
- ✓ Profitability to remain strong on y/y basis by solid growth in top-line and investment income which was adversely impacted in Q4FY20.
- ✓ CAMS is also likely to report healthy performance on a sequential basis driven by AUM growth and favorable product mix.
- ✓ NAM India and UTI AMC remains our top picks in this space.

Exhibit 9: AMC Industry - Earnings expectation snapshot

Rs mn / Tentative Result Date	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY21	yoy	qoq	Q4 FY21	yoy	Qoq	Q4 FY21	yoy	Qoq		
HDFC AMC	5,319	11.7%	10.4%	4,387	18.0%	13.7%	3,902	56.2%	5.7%	27-Apr	Strong growth in QAUM of 12% YoY with increase in the share of Debt funds, Share of equity AUM and Debt AUM to improve sequentially, Unfavorable product mix to keep YoY yields under pressure, EBITDA margin expansion of 442bps YoY driven by structural cost changes.
Nippon AMC	2,903	5.8%	8.1%	1,643	1.6%	11.8%	1,987		-6.0%	27-Apr	QAUM to see healthy growth of 12% YoY with product mix shifting towards Debt funds. Sequentially share of Liquid funds to see some contraction with higher growth in Equity and Other AUM leading to slight improvement in yields. Higher employee cost YoY due to lower base to squeeze EBITDA Margin. Strong other income against negative other income in corresponding period to support overall profitability.
UTI AMC	2,427		14.6%	1,008		81.6%	1,472		5.0%	20-May	QAUM to grow by 11% QoQ with product mix shifting back towards Equity funds, expanding yields by 2bps. Revenue expected to grow by 15% on QoQ basis driven by AUM growth and better product mix. Robust EBITDA growth led by rationalization of Employee cost.
CAMS	2,023		8.8%	886		8.2%	631		11.7%	20-May	Revenue expected to grow by 9% QoQ on account of AUM growth and increase in share of Equity AUM. 8% growth in EBITDA with margin contraction of 26bps on back of recovery in Paperbased transactions. PAT to grow by 12% supported by strong other income driven by positive market movement.

Note: Result date is either Actual or Tentative. Tentative date is based on historical evidence

LIFE INSURANCE

- ✓ Premium growth is likely to be strong for the industry during the quarter primarily on the back of a sharp slowdown witnessed in March 2020 owing to lockdown. Industry NBP was down 33% in March 2020.
- ✓ Product performance is likely to be a mixed bag, with non-par continuing to witness strong growth, whereas protection is likely to witness a slowdown in terms of number of policies sold. ULIPs have gathered momentum in the past few months, while credit protection will see strong performance in line with improved retail lending.
- ✓ VNB Margin improvement on yoy basis is likely to be strong given that the share of protection and non-par remains higher on yoy basis for most insurers.
- ✓ In terms of costs, the declining trend should continue given the control on rental and operating costs. However, stronger performance of agency channel in the quarter could lead to slightly higher costs sequentially.
- ✓ A key thing to watch will be the information on variances in the EV walk through. We expect positive variance coming from persistency as most players have indicated that ULIP persistency has been better than initially forecasted.
- ✓ SBI Life continues to be our top pick given strong growth expectations for premiums as well as move towards profitable products like Non Par and credit protection. Valuations at FY23E P/EV of 2x is very attractive.

Exhibit 10: Life Insurance - Earnings expectation snapshot

Rs mn	NBP			APE			VNB Margins			Result Date	Remarks
	Q4 FY21	yoy	qoq	Q4 FY21	yoy	qoq	Q4 FY21	Yoy (bps)	Qoq (bps)		
HDFC LIFE	62,978	23.0%	24.2%	25,798	22.3%	19.6%	26.7%	253	23	26-Apr	APE growth of 22% led by growth in savings segment, 250bps VNB Margin expansion owing to favorable product mix
SBI LIFE	58,808	54.6%	8.1%	37,885	40.8%	8.2%	22.0%	190	26	5-May	APE growth of 40% led by strong recovery in protect business and non-par, VNB Margin yoy & qoq expansion driven higher share of protection and non-par
ICICI Pru	44,020	5.4%	27.9%	21,864	10.8%	31.2%	26.5%	265	76	19-Apr	APE growth of 11% driven by base effect, VNB Margin yoy & qoq expansion driven higher share of non-par
Max Life	23,781	25.8%	36.0%	17,425	23.7%	42.2%	28.7%	589	10	30-May	APE Growth of 24% yoy led by strong growth in protection & non-par, VNB Margin yoy expansion led by higher share of non-par and protection

Note: Result date is either Actual or Tentative. Tentative date is based on historical evidence

GENERAL INSURANCE

- ✓ Growth in general insurance industry has been decent in the first two months of Q4 FY21. While the retail health, fire and marine have done well, other segments have witnessed relatively muted performance.
- ✓ Claim ratios in motor and health segments are likely to increase substantially on a sequential basis driven by higher number of vehicles plying on the street and rising number of elective surgeries in hospitals.
- ✓ Expense ratios are likely to be under control given that structural changes have been seen over the past couple of quarters.
- ✓ ICICI Lombard, while the current valuations are rich, its long term potential of delivering industry beating premium growth, reduction in combined ratios below 100% over the next couple of years and healthy RoEs of 17-19% qualifies it to be a portfolio stock.

Exhibit 11: General Insurance - Earnings expectation snapshot

Rs mn	NEP			Underwriting Profit			PAT			Result Date	Remarks
	Q4 FY21	yoy	qoq	Q4 FY21	Q4 FY20	Q3 FY21	Q4 FY21	yoy	Qoq		
ICICI Lombard	25,174	7.3%	3.6%	(363)	(294)	(1,355)	3,380	19.9%	7.8%	17-Apr	Strong 7% growth in GWP led by growth across all segments except health, Combined ratios to be higher by 60bps driven by higher claim ratios

Note: Result date is either Actual or Tentative. Tentative date is based on historical evidence

CEMENT AND BUILDING MATERIALS

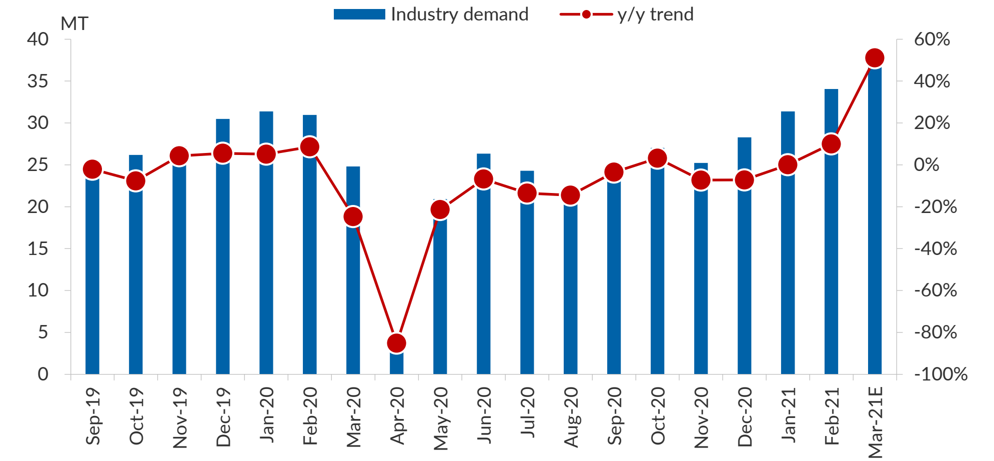
- ✓ Strong performance by cement companies should sustain with yet another robust quarter. We expect overall volume growth for the industry to be in the vicinity of 16-18% y/y for Q4FY21E led by buoyant demand scenario and low base.
- ✓ In terms of regional dynamics, we expect East to continue to outperform with demand growth of 23-25% y/y during the quarter followed by North (+20-22% y/y), Central (+18-20% y/y), West (+14% y/y) and South (+3-5% y/y). Overall, total volumes of companies under our coverage universe should witness a growth of 20.7% y/y.
- ✓ In terms of pricing, PAN India average realization is up 1% q/q largely led by surge in non-trade prices across regions. Further, on y/y basis, average realization on PAN India basis should improve by 3% y/y. On sequential basis, sharpest hike has been observed in West (+4.4% q/q), followed by East (+2.4% q/q), North (+1.6% q/q), Central (flat q/q) while prices have slid by 2.7% q/q in South. Companies under our coverage should witness NSR improvement of 1.1% q/q and 2.9% y/y.
- ✓ In terms of cost, cement companies should experience pressure from surge in energy and freight costs. However, operating leverage should offset the hike in costs to certain extent. Overall, we expect EBITDA/te of companies under our coverage universe to stand at Rs 1,180; a decline by 2% q/q and improvement of 9% y/y. Absolute EBITDA should increase by 31.4% y/y and 7.1% q/q.
- ✓ In building material segments, we expect MDF category to continue its strong performance with volume growth expectation of 50-55% y/y led by sturdy rural demand, aggressive product penetration strategies and reduction in imports due to ocean freight bottlenecks. We believe laminate industry to deliver a modest volume growth of 10-12% y/y while ply industry should witness volume growth of 15-17% y/y during the quarter.

Exhibit 12: Pricing trends of Q4FY21 average vs Q3FY21 average

Region	Trade price	% change QoQ	Non-trade price	% change QoQ	Wtd. Avg	% change QoQ
North	377	2.0	320	0.7	360	1.6
Central	367	(0.5)	321	2.4	358	0.0
East	325	1.2	280	3.9	303	2.4
South	367	(3.2)	330	(2.0)	352	(2.7)
West	356	0.1	329	12.2	345	4.4
PAN INDIA	**358**	**(0.1)**	**316**	**3.2**	**343**	**1.0**

Source: Channel checks, YES Sec – Research

Exhibit 13: Demand growth to hover around 16-18% y/y for Q4FY21E



Source: Ministry of Commerce and Industry, YES Sec-Research

Exhibit 14: Cement and Building Materials - Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (bps)	QoQ (bps)	Q4 FY21	YoY (%)	QoQ (%)		
India Cements	13,965	18.7	17.9	2,281	1,022.2	(249.0)	760	(830.8)	LP	28-May	Expect volume growth to hover around 7.5% y/y to 2.85 MT, Despite q/q NSR drop of 1.5%, last year base remains low. Hence y/y NSR improvement is 10.3%, Expect EBITDA/te at Rs 800, an improvement of 195% y/y primarily due to low base
ACC	42,738	22.0	3.1	7,061	(22.7)	(38.7)	3,994	23.7	(15.5)	19-Apr	Expect cement volumes at 7.8 MT; increase of 18.7% y/y primarily driven by buoyant demand scenario in Eastern markets and GU commissioning in Jharkhand., Expect pricing improvement of 1.2% q/q and 3.5% y/y., Blended EBITDA/Te should hover around Rs 870, an improvement of 2.1% y/y
Ambuja Cements	35,854	26.8	2.0	8,074	118.6	67.6	5,234	31.1	5.3	27-Apr	Expect volume growth to be ~22.4% y/y to 7.1 MT led by low base and strong demand scenario in North, Gujarat and East markets, Expect realization to improve by 2% q/q and 3.6% y/y, EBITDA/Te should hover around Rs 1,145, an improvement of 28% y/y
UltraTech Cem.	136,238	26.8	11.2	32,378	103.4	(148.5)	15,695	(51.6)	(0.9)	30-Apr	Expect volumes at 26.2 MT; a y/y growth of 22% on the back of strong demand scenario, ramp-up in acquired assets and low base, Expect NSR improvement of 1.5% sequentially due to strong pricing in West, East and North Markets , Factor in EBITDA/te of Rs 1,237, an improvement of 8.6% y/y
Dalmia BharatLtd	30,560	23.1	7.0	6,959	231.2	(141.5)	2,167	885.0	19.1	28-May	Expect volumes at 6.2 MT; a growth of 20% on y/y basis due to robust demand in East and 2.25 GU commissioning in West Bengal during the quarter, Expect realization to be flattish on q/q basis and improvement of 5.4% y/y, EBITDA/Te at Rs 1121, an improvement of 14.2% y/y and decline of 6% q/q.
Birla Corpn.	19,812	17.2	11.5	3,982	(29.2)	(30.0)	1,918	(1.5)	29.2	21-May	Expect volumes at 3.92 MT; growth of 17% y/y basis due to healthy demand scenario in North, Central and East markets and low base, Expect pricing improvement of 1% sequentially and flattish on y/y basis , EBITDA/Te at Rs 1,016, largely flattish on both q/q and y/y basis
Sanghi Industrie	2,992	35.0	3.0	677	(56.8)	(239.9)	371	134.8	(11.7)	28-May	Expect volumes at 0.7 MT; growth of 43.1% y/y led by buoyant demand scenario in Gujarat and low base of Sanghi, Realizations should be up 3% q/q and 5.6% y/y., EBITDA/Te at around Rs 986, a decline of 8% y/y.
Sagar Cements	4,110	35.4	13.0	971	890.2	(508.0)	445	3,608.3	(10.1)	28-May	Expect volumes at 1 MT; growth of 19% on y/y basis led by pick-up in govt infra activities especially in Andhra and low base, Despite expected realization fall of 2.7% sequentially, base remains low translating into y/y improvement of 13.3% y/y, EBITDA/Te at Rs 971 would translate into sharp rise of 82% on y/y basis

Co. name (Rs mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (bps)	QoQ (bps)	Q4 FY21	YoY (%)	QoQ (%)		
Star Cement	5,466	(0.5)	29.1	1,090	(273.8)	10.2	770	(11.3)	LP	28-May	Expect cement volume growth to be ~6% y/y. Logistics issue in NER would have hampered dispatches., Realizations expected to be up 5% on y/y basis but flattish on sequential basis, EBITDA/te at Rs 1222 should be down 17.3% on y/y basis. Absolute EBITDA should decline by 12% y/y.
Century Plyboard	7,055	33.1	6.9	1,342	629.1	28.2	872	140.2	32.5	24-May	Overall revenues should witness healthy growth of 33% y/y led by MDF and plywood segment, We expect EBITDA to nearly double on y/y basis and EBITDA margins to improve ~30 bps sequentially to 19%, Adjusted PAT should stand at Rs 872 mn
Greenpanel Inds.	3,634	52.8	14.7	822	352.8	103.6	383	403.9	25.6	10-May	Expect MDF volumes to witness ~50-52% y/y growth on the back of strong demand traction and low base. Topline should grow by 52.8% y/y, EBITDA margins should hover around 22.6% while overall EBITDA should grow by 81.2% y/y, PAT should stand at Rs 383 mn as against Rs 76 mn same quarter last year
Greenply Inds.	3,823	10.9	12.3	514	477.1	119.5	323	LP	29.2	28-May	Expect domestic ply volumes to witness growth of 15-17% y/y. Gabon business should witness pressure due to shipping issues and partial lockdown in overseas markets. Expect top-line growth of ~11% y/y, We reckon EBITDA margins to improve by 480 bps y/y to 13.4% and overall EBITDA to witness growth of 72.1% y/y, Net profit should hover around Rs 323 mn as against loss of Rs 215 mn last year
Greenlam Inds.	3,621	11.8	8.2	573	187.4	(148.0)	310	42.9	(3.1)	28-May	Expect topline to grow by ~12% y/y. Laminate division should witness 10% volume growth while veneer and wood flooring division to remain flattish on y/y basis, Sharp surge of raw material prices should pressurize the margins sequentially from 17.3% to 15.8% . However, on y/y basis, EBITDA should grow by ~27% y/y as base of last year remains low., PAT should witness growth of ~42.5% on y/y basis

Note: 1. LL - Loss to Loss, LP - Loss to Profit, PL - Profit to Loss
2. Result date is either Actual or Tentative. Tentative date is based on historical evidence

CAPITAL GOODS & DEFENSE

- ✓ We expect Q4 FY21 to be a better quarter both sequentially as well as on y-o-y basis as economic activities have gained pace with demand almost back to Pre-Covid level.
- ✓ While Q4FY20 was affected due to pandemic which led to the dip in quarterly numbers, this time around exponential surge in cases has called for stringent lockdown-like measures across the states; nevertheless, we expect the situation to alleviate as vaccination activity gains pace.
- ✓ The overall commentary across the companies suggests –

  (i) there is an uptick in demand with growth almost back to Pre-Covid levels; however, supply-side issues persist,

  (ii) post favourable budget, India is becoming a favourite destination for an export hub with investments by major global players

  (iii) automation/digitalization would be the key focus area for the companies as companies are looking to improve operational efficiency

  (iv) significant improvement in order pipelines in the domestic and international markets

  (v) off-late sentiments have been impacted due to increase in input cost led by surge in steel prices, fuel prices, and logistic issues (as containers are not moving on time).
- ✓ We believe, the companies having a healthy balance sheet, strong cash, and long-term scalability will have potential market share gains. Our capital goods sectoral top picks include AIA Engineering, and L&T.
- ✓ From the defence space, we believe DPSUs are favourably placed due to –

  (i) Growth visibility backed by strong order book,

  (ii) Debt-free balance sheet owing to timely stage payments, and

  (iii) attractive valuation with scope for re-rating.
- ✓ Moreover, our recent interaction with defence experts suggests –

  (i) Measures formulated by GoI to curb defence imports through various policy reforms have certainly boosted sentiments for defence manufacturing in India, (ii) Digitalization and AI has become the need for the armed forces for effective command, control and information

  (ii) Going forward, funding for defence project would be potentially done through monetization of defence land and assets.
- ✓ Our top picks from defence segment are Bharat Electronics (BHE) & Mazagon Dock (MDL).

Exhibit 15: Capital Goods & Defense - Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (bps)	QoQ (bps)	Q4 FY21	YoY (%)	QoQ (%)		
A B B	19,119	25.6	12.4	1,348	609.7	101.7	1,054	363.7	69.5	27-Apr	Order inflows to gain traction due to pick up in industrial acitivty
AIA Engineering	7,382	(13.9)	5.7	1,496	(130.1)	(439.7)	1,023	(37.0)	(35.7)	28-May	Rise in input cost is expected to affect margin by ~130bps YoY
Bharat Electron	65,085	12.1	183.4	14,503	(325.3)	310.6	10,345	(0.0)	295.1	31-May	Execution expected to improve significantly with focus on new orders
Larsen & Toubro	462,376	4.5	29.9	52,055	(31.6)	(76.5)	39,078	27.5	73.1	28-May	Ramp up in Execution of core E&C and infra expected
Kalpataru Power	27,281	18.5	36.9	2,881	(42.5)	17.4	1,602	49.7	55.5	30-May	Focus would be on debt reduction
Cummins India	13,233	24.6	(7.5)	1,973	856.1	(200.9)	2,018	15.9	(16.0)	17-May	Key monitorable would be Export markets like South Asia, MENA & LATAM which are showing good signs of demand recovery
Bharat Dynamics	16,883	17.6	267.6	5,614	505.4	2,460.2	3,965	28.0	706.0	28-May	Order inflow guidance would be key monitorable
Engineers India	8,471	(0.8)	1.2	932	(201.2)	202.8	1,124	(13.4)	27.4	28-May	Key monitorable would be order guidance
Honeywell Auto	8,851	25.7	1.3	1,903	324.7	4.5	1,550	39.4	3.4	10-May	Cost control measures to support margins
Cochin Shipyard	11,575	41.7	54.6	1,814	(428.7)	(2,654.9)	2,045	47.4	(8.6)	28-May	Execution expected to improve significantly
Thermax	13,877	4.9	(1.6)	976	222.8	(342.9)	659	69.0	(40.7)	12-May	Order inflows are expected to be weak; however focus would be on chemical margins
Siemens	25,666	(9.6)	(11.5)	2,952	313.1	(94.7)	2,179	24.0	(16.9)	12-May	Pick up in short cycle orders remains a key variable

Note: Result date is either Actual or Tentative. Tentative date is based on historical evidence

INFRASTRUCTURE

- ✓ Infrastructure companies are all set to end the year with the strong quarter backed by robust order inflow announced by the government agencies and pick-up in execution.
- ✓ Many companies are sitting on the all-time high orderbooks.
- ✓ Toll collection has improved despite some challenges due to farmer protest and the rising cases of COVID.
- ✓ Margins likely to remain steady. During the quarter, the major boost for the sector was announced by the government with higher budgetary allocation for sectors like Roads, Rail, Rural and Urban Infra.

Exhibit 16: Infrastructure - Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (bps)	QoQ (bps)	Q4 FY21	YoY (%)	QoQ (%)		
PNC Infratech	14,474	25.0	9.5	1,947	(4.5)	(4.6)	1,103	45.0	6.9	20-May	Robust Order book. Execution to remain strong
KNR Construct.	7,634	13.0	11.2	1,525	(176.6)	26.6	872	29.6	12.3	30-May	Strong order book, execution momentum likely to continue, Margins to remain healthy
Capacit'e Infra.	3,533	15.0	15.6	600	149.0	(87.3)	155	304.8	1.7	28-May	Decent execution expected with start of new projects, Margins to remain elevated
H.G. Infra Engg.	7,910	27.0	7.7	1,264	(29.4)	(9.9)	709	38.2	8.1	28-May	Execution to remain strong; healthy Order book
Dilip Buildcon	25,872	3.5	4.9	4,205	(25.6)	(24.5)	1,241	12.7	11.7	28-May	Robust order book to support growth
PSP Projects	5,021	10.0	28.7	566	19.2	(76.0)	396	15.5	29.3	28-May	Execution to sustain momentum. Margins to remain stable
JMC Projects	11,264	20.0	5.7	1,145	(117.5)	120.8	389	(13.8)	51.3	7-May	Well diversified order book. Execution to pick up

Note: Result date is either Actual or Tentative. Tentative date is based on historical evidence

LOGISTICS

- The demand for logistics continued in Q4 as most industries saw an upsurge in volumes. Many large players witnessed the business pick-up well and have surpassed Pre-COVID levels.
- The E-way generation and Fastag collection too have surpassed the pre-COVID levels, despite some disruption due to farmer protest. The sharp jump in the fuel prices was witnessed in Q3 which impacted the margins; however, many companies could pass on through better negotiations in Q4. Thus, margins are likely to stabilize.
- The business impact due to non-availability of the containers and changes in validity of e-way norms to be key monitorable.

Exhibit 17: Logistics - Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (bps)	QoQ (bps)	Q4 FY21	YoY (%)	QoQ (%)		
TCI Express	2,736	15.0	4.2	489	667.6	61.6	362	90.5	7.7	28-May	Express business to maintain strong momentum
Transport Corp.	8,147	22.0	0.9	796	100.3	(10.4)	527	45.7	(1.3)	25-May	Freight Segment and Supply chain segment to show strong growth
Mahindra Logis.	10,560	30.1	0.9	549	51.8	14.1	195	102.7	7.0	20-May	Good growth in Auto segment to support the revenues
Container Corpn.	18,355	17.0	4.7	4,056	(814.9)	89.4	2,633	(14.8)	10.7	28-May	Volume Improvement to drive revenue growth
Blue Dart Expres	10,862	50.0	5.0	1,736	1,381.4	(77.3)	848	LP	(0.8)	6-May	Pick up in freight volumes and document segment to aid the growth
Adani Ports*	36,581	25.2	(2.4)	26,704	5,110.0	108.8	15,466	362.5	(1.0)	4-May	Pick up in Cargo volumes to support growth, margins to remain stable

Note: 1. * Q4 FY21 for ADSEZ not comparable on YoY basis due to recent acquisition of KPCL, LL - Loss to Loss, LP - Loss to Profit, PL - Profit to Loss
2. Result date is either Actual or Tentative. Tentative date is based on historical evidence

INFORMATION TECHNOLOGY

- ✓ Revenue growth is expected to remain strong for IT companies driven by accelerated adoption of digital technologies and migration to cloud based solutions in the aftermath of this covid19 pandemic. The performance would be broad-based with improving traction across BFSI, Telecom, Healthcare, Manufacturing and Retail sectors would drive the revenue growth.
- ✓ Revenue growth is expected to be 4-5% QoQ in USD term for tier 1 companies. INR appreciation against USD during the quarter would have adverse impact revenue growth in INR terms by around 1.4%. Vendor consolidation which has speeded up would favour big IT players compared to smaller peers.
- ✓ Wage hike in the quarter would adversely impact margin for Infosys, HCL Technologies and Wipro among tier 1 IT companies. This quarter would likely see sequential decrease in employee utilization led by increase in hiring across IT companies.
- ✓ Management commentary on FY22E guidance and the deal booking would be the key thing to watch out for in the quarter.
- ✓ In the midcap companies, L&T Infotech and L&T Technology services are expected to post industry leading sequential revenue growth rates in the quarter.

Exhibit 18: USD/ INR exchange rate trend

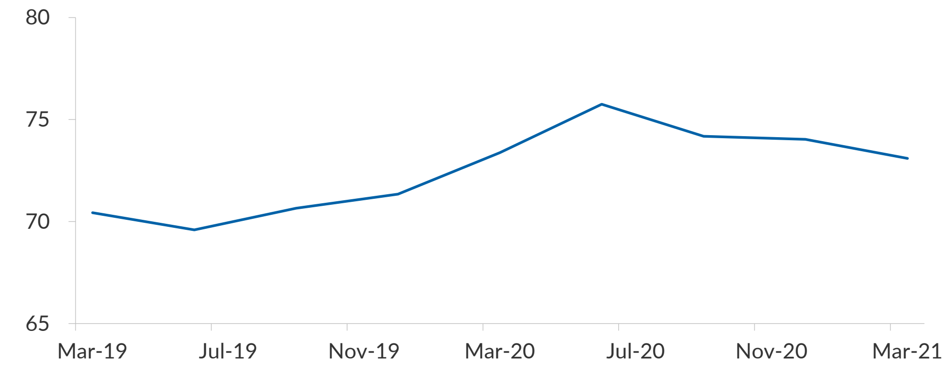


Exhibit 19: Change in EBIT margin for Tier 1 IT companies

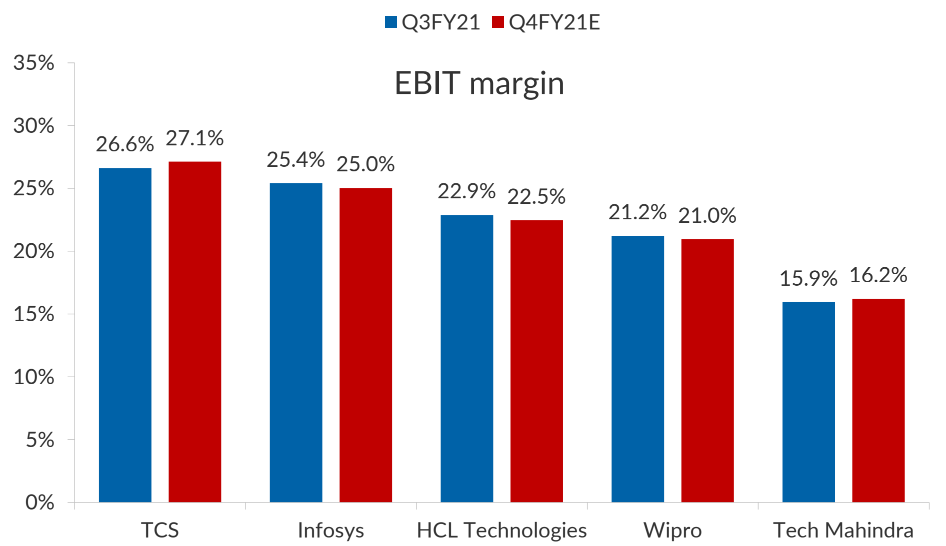


Exhibit 20: Information Technology - Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (bps)	QoQ (bps)	Q4 FY21	YoY (%)	QoQ (%)		
Infosys	267,705	15.1	3.3	75,552	382.7	(37.7)	52,918	22.5	1.8	14-Apr	Revenue growth would be led by ramping of deal wins (Vanguard deal) and rising digital pie, with sequential decline in margin due to wage hike, rise in travel cost.
TCS	432,577	8.3	3.0	127,691	204.2	46.5	91,809	14.1	5.5	12-Apr	Would benefit from strong traction in BFSI segment and recovery in US business
HCL Technologies	198,176	6.6	2.7	54,410	206.6	(73.8)	35,665	13.1	(10.4)	26-Apr	Revenue growth would be led by acquisition of DWS, easing of stress in ER&D segment, and improving traction in financial services, healthcare and utilities
Wipro	161,162	2.6	2.8	41,338	579.6	(62.6)	30,468	29.9	1.7	15-Apr	Key things to watch out are the progress in Capco acquisition, 2nd wage hike, ramp of large deal wins (Metro and Telefonica) and the deal pipeline, after recent change in management
Tech Mahindra	98,291	3.6	1.9	19,658	579.8	35.2	13,358	30.8	2.0	26-Apr	Robust traction in communication and enterprise segment; margin improvement led by higher offshoring and reduction in subcontracting cost
Mindtree	20,953	2.2	3.5	4,700	664.6	(68.8)	3,177	54.1	(2.7)	15-Apr	Improving traction in retail, CPG and BFSI segment. Sequential EBITDA margin to be lower led by wage hike and lower utilization. Key things to watch for: Expansion in Europe, multi-year annuity deals, progress on rationalisation of tail accounts and mining of strategic accounts
Mphasis	25,207	7.4	1.9	4,739	(12.7)	(1.3)	3,323	(5.9)	2.1	12-May	Performance will be affected by moderation of growth in Direct International business and flattish revenue from DXC business
L & T Infotech	32,688	8.5	3.7	7,453	360.6	(41.7)	5,247	22.7	1.1	19-May	Strong revenue growth led by higher traction in insurance and banking and ramp up of deals won in previous quarter. Key things to watch out for are second wage hike, digital technology outlook, revenues & margin trajectory, deal conversion and new logo addition.
L&T Technology	14,660	1.3	4.7	3,005	195.3	82.4	2,159	5.4	16.0	14-May	Revenue growth led by recovery in transportation and industrial products; and strong performance in engineering services
Coforge	12,263	10.5	3.0	2,185	(10.6)	(20.1)	1,235	8.7	1.2	5-May	Robust revenue growth led by improving traction in banking, insurance and healthcare segments; with growing share of digital revenue.

Note: Result date is either Actual or Tentative. Tentative date is based on historical evidence

TELECOM AND INTERNET/PLATFORM

- ✓ The trend of moderation in subscriber decline for Vodafone Idea should continue in the quarter, with growth in ARPU driven by migration from 2G to 4G technology. Management commentary on any progress on fund raising activity would be the key thing to watch out for in the quarter.
- ✓ The need to increase data capacity on the part of telecom service providers would lead to addition of more co-locations on the part of Indus Towers.
- ✓ For Internet companies, the sequential recovery would continue with robust growth in billings as ease in lockdown restrictions have helped in the growth of internet traffic to portals such as 99creas.com, Naukri.com etc.
- ✓ The rising digital penetration would support the overall performance of these Internet based companies. The pandemic has accelerated the market share gain internet based companies in their respective segments.
- ✓ Management guidance on growth in billings and competitive intensity in the segment would be the key things to watch out for in the quarter.

Exhibit 21: India wireless- ARPU

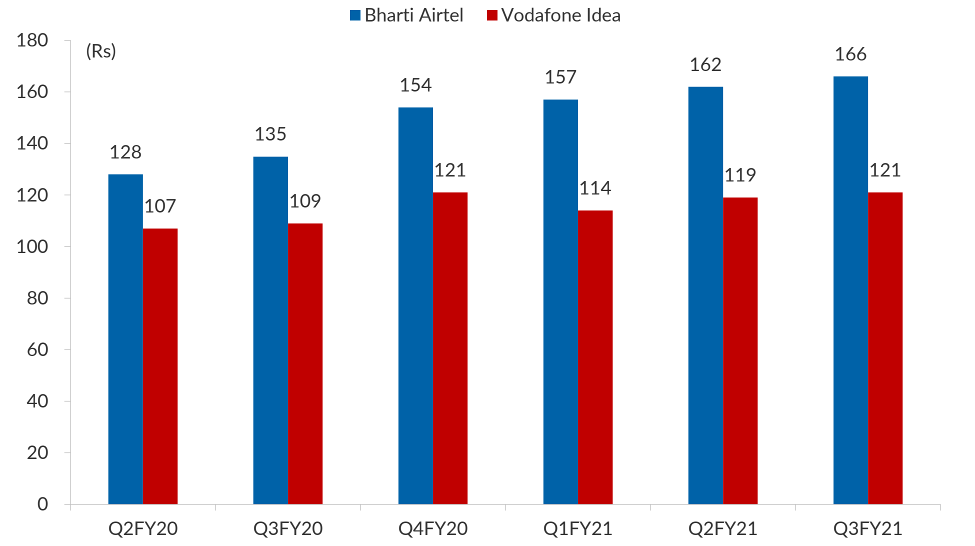


Exhibit 22: Telecom and Internet/Platform - Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (bps)	QoQ (bps)	Q4 FY21	YoY (%)	QoQ (%)		
Bharti Airtel	253,970	6.6	(4.4)	122,784	510.2	279.2	9,553	(52.8)	LP	28-Apr	Bharti is estimated to continue to the subscriber addition momentum with addition of more than 8mn subscribers. We estimate an ARPU of INR 153 per sub for the quarter, adjusted for removal of IUC charges. Bharti is expected to be beneficiary of removal IUC as it was net payer
Tata Comm	42,926	(2.4)	1.7	10,839	549.4	47.8	3,340	LP	8.0	28-May	Performance driven by higher growth from enterprise data segment. Continued focus on operational efficiency is expected to lead to margin improvement.
Indus Towers	68,704	8.9	2.0	36,794	748.1	(0.8)	14,576	47.8	7.2	23-Apr	The number of colocations expected to increase by 2% QoQ, on account of rising demand for data capacity. Marginal growth in sharing revenue per operator.
Vodafone Idea	112,256	(4.5)	3.0	44,835	267.6	59.5	(60,560)	LL	LL	14-May	Mobile business growth would be led by expected 4% QoQ growth in ARPU and moderation in subscriber loss. Any update on fund raise would be key thing to watch out for.
Just Dial	1,830	(22.1)	7.9	453	(690.4)	224.8	527	(30.8)	5.5	28-May	Business performance driven by higher paid listings with ease in lockdown restrictions and higher contribution from T2-T3 cities.
Info Edg.(India)	3,090	(4.3)	13.5	819	(340.1)	146.1	760	82.6	8.8	30-May	Sequential recovery led by improving prospects in recruitment and real estate vertical with ease in lockdown restrictions. Billings to maintain rising trajectory.
Matrimony.com	1,025	8.9	6.0	198	(171.7)	(115.3)	118	73.5	6.7	20-May	Strong performance led by higher number of paid subscriptions as the online matrimony market continues to expand. Advertising spend to remain at elevated level.

Note: 1. Historical numbers for Indus Towers are Proforma number for like to like comparison, Note: LL - Loss to Loss, LP - Loss to Profit, PL - Profit to Loss

2. Result date is either Actual or Tentative. Tentative date is based on historical evidence

PHARMACEUTICALS

- Weak seasonality in domestic business for key companies like Dr Reddys' and Alkem; expect India business to clock varied growth in the range of 4-12%. DRRD would post 31% rise as Wockhardt precluded from base quarter YoY
- Frontline companies Lupin to see a softer US quarter as Albuterol, Levothyroxine likely to miss growth expectation based on third party US generic data for Jan/Feb. Lack of Tamiflu sales would also hurt in comparison to base quarter for LPC
- Dr Reddys' should see a rebound in US revenues after a disappointing Q3 though YoY performance still tepid at +3%; Sun Pharma specialty sales would see an uptick based on Jan/Feb data for Ilumya
- US sales for smaller companies such as Alkem, Ajanta Pharma can see 11-15% YoY growth on several approvals through FY21 and unlikely to surprise meaningfully either way
- Torrent is likely to witness 20%+ decline in US business YoY on persistent pressures due to lack of approvals; India business to grow 8% but margins to come off on negative operating leverage
- IPCA to see a strong close to FY21 in domestic business even as margin to decline to 23% on lower revenues qoq
- Alembic Pharma US sales likely to be soft and similar to Q3 at ~US$70mn with scope for disappointment if sartans fare worse than expected (based on Jan/Feb US generic data). Margin at 23% would be lowest since Q3 FY19
- Syngene to clock steady growth in revenues; Margin spike of 33% in Q4 last year in absence of expenses therein would result in unfavourable PAT comparison YoY.
- Earnings surprise – Positive surprise can be had in DRRD, IPCA and negative outcome likely in ALPM and LPC
- Notwithstanding Q4 numbers, our top BUYs retained on domestic plays like TRP IN, AJP IN, IPCA IN and ALKEM IN, niche US exposures ALPM IN and unique B2B proposition GLAND IN

Exhibit 23: Trend in domestic growth across covered cos

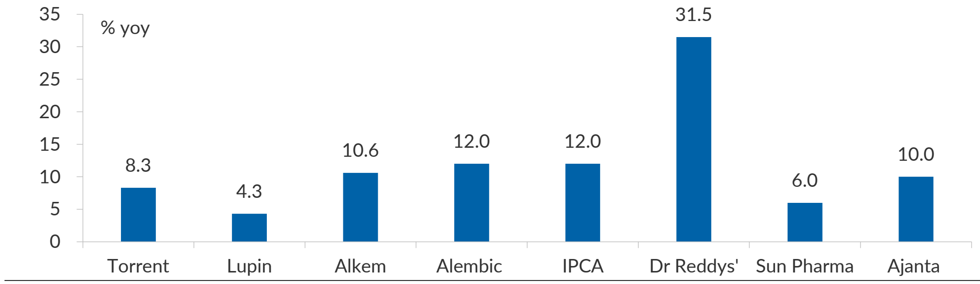


Exhibit 24: US growth forecast QoQ

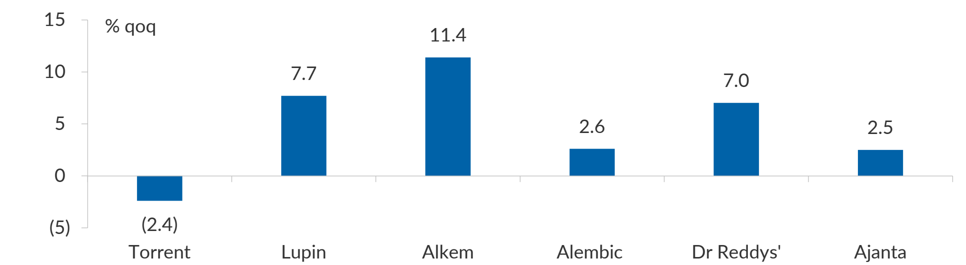


Exhibit 25: Domestic growth per AIOCD data through FY21

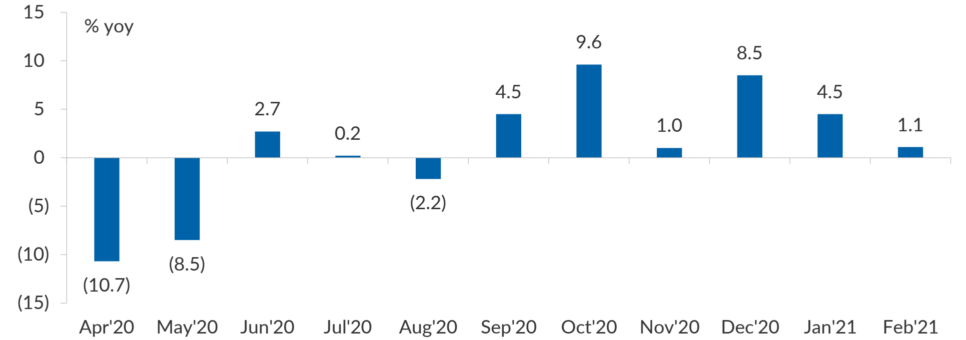


Exhibit 26: Pharmaceutical - Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (bps)	QoQ (bps)	Q4 FY21	YoY (%)	QoQ (%)		
Alkem Lab	22,287	8.8	(3.9)	4,453	518.9	(284.8)	3,520	83.8	(24.1)	28-May	Weak but familiar seasonality in domestic business, 10-11% growth in US. PAT to be lower also due to smaller other income as Q3 included one off due to asset sale to Abbott
Alembic Pharma	12,695	5.2	(3.4)	2,912	(420.2)	(484.2)	2,013	(10.5)	(31.2)	23-Apr	US sales would continue to hover around US$72mn, similar to Q3 as Sartans continues to remain under pressure based on Jan/Feb data for select Sartans. Domestic sales to clock healthy growth but YoY decline in US sales to lead to lower margin
Apollo Hospitals	29,460	0.8	6.7	3,968	46.4	(67.3)	1,260	(39.9)	(6.1)	28-May	Recovery would continue into Q4 though spurt in cases in March would bring focus back on COVID business
Aurobindo Pharma	63,699	3.4	0.1	13,512	(58.6)	(29.0)	8,582	1.0	(4.0)	30-May	US reported growth to decline qoq as Natrol was accounted for first 2 months of Q3; ex-Natrol growth of 6% yoy driven by injectables; EU sales to benefit from 10% YoY INR depreciation vs Euro
Cipla*	49,835	13.9	(3.6)	11,137	787.1	(146.6)	6,359	158.5	(15.0)	14-May	
Divi's Lab.*	17,666	27.1	3.8	6,898	706.6	(157.8)	4,837	24.6	2.8	28-May	
Dr Reddy's Labs	49,141	10.5	(0.6)	11,056	116.4	(49.8)	6,350	(18.7)	2,176.1	14-May	Weak seasonality in domestic buisness would lead to tepid topline; US growth to improve +7% qoq after a disappointing Q3 though still lackluster YoY at 3%
Ipca Labs.	12,803	19.2	(9.2)	2,950	735.6	(298.2)	1,878	126.0	(29.8)	28-May	Expect 10-11% rise in domestic sales but qoq India sales lower leading to 23% margin from 26% in Q3; expect IPCA to be amongst the faster growing cos in domestic market in Q4. Base Q not comparable due to COVID led impact
Lupin	40,038	4.1	(0.3)	7,359	472.1	(100.4)	3,063	(21.4)	(30.1)	28-May	Expect US to be a subdued quarter at ~US$220mn as Albuterol, Levothyroxine likely to miss expectations looking at Jan/Feb retail data. Margins to come off on higher other expenses
Sun Pharma.Inds.	86,830	6.1	(1.7)	22,402	914.8	(61.8)	13,480	237.1	(27.2)	20-May	US specialty sales led by Ilumya to improve upon Q3 while margin at 26% would be similar to previous quarter
Torrent Pharma.	19,665	1.1	(1.4)	5,894	181.2	(45.3)	2,710	(13.7)	(8.8)	10-May	Persistent decline in US but improved India performance at +8%; Margin to fall as 20% YoY decline in US sales leads to negative operating leverage
Syngene Intl.	6,674	9.9	14.2	2,026	(325.3)	20.9	1,101	(8.4)	7.8	27-Apr	Steady growth and margin trajectory; Margin spike to 33% in Q4 last year would weigh on profit YoY
Ajanta Pharma	7,373	8.1	(1.5)	2,233	809.9	(198.8)	1,523	17.9	(13.8)	31-May	15% YoY growth in US coupled with qoq decline in domestic business; YoY India growth at 10%, building on the 13% YoY rise in Q3. Margin to decline as other expenses recover to pre COVID levels

* Consensus estimates Note: Result date is either Actual or Tentative. Tentative date is based on historical evidence

OIL & GAS

- ✓ The 4QFY21 was marked by higher Crude oil and LNG prices. While Crude Oil (Brent) price on an average improved sequentially to USD 61/bbl (from US$ 45/bbl in 3QFY21); the spot LNG prices averaged higher as well at USD 8.9/mmbtu (3QFY21: ~ USD 7.1/mmbtu)
- ✓ Higher crude oil prices augur well for the profitability of upstream companies viz ONGC and Oil India
- ✓ The refinery margins also improved during the quarter with Singapore benchmark averaging higher at US$ 1.8/bbl (3QFY21: US$ 1.22/bbl) on improvement in MS, HSD and Jet Kero spreads. Higher refining margins would likely translate into improved profitability for RIL and OMCs
- ✓ The domestic pricing environment in petroleum products also saw an uptrend, with petrol and diesel prices being higher by 9% on an average. The same along with higher crude oil prices could result in inventory gains for OMCs
- ✓ The LNG import though sluggish in the month of Jan, is estimated to normalize over Feb-Mar '21 as LNG prices cooled and demand recovered
- ✓ We expect CGD companies to report growth in volumes, while GUJGA would benefit from higher industrial consumption, IGL and MAHGL are likely to report better traction in CNG sales.

Exhibit 27: Brent rises QoQ to USD 61.3/bbl

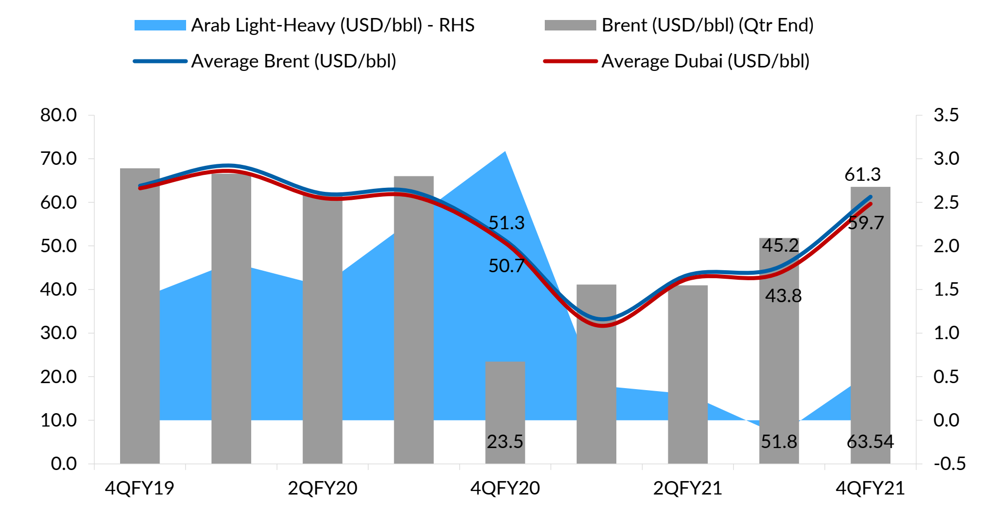


Exhibit 28: Benchmark GRMs QoQ higher at USD 1.8/bbl

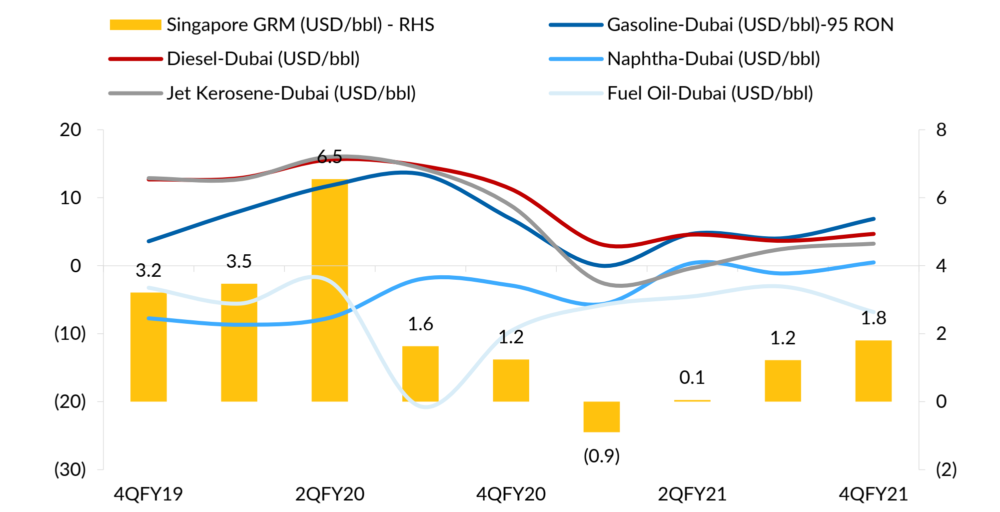


Exhibit 29: Oil & Gas - Earnings expectation snapshot

Co. Name (Rs Mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (bps)	QoQ (bps)	Q4 FY21	YoY (%)	QoQ (%)		
Reliance Ind.	1,539,222	13.0	30.6	243,148	(71)	(302)	158,619	56.0	0.0	30-Apr	RIL expected to report QoQ & YoY better profitability on sequential improvement in GRM and petchem margins. In addition the telecom segment is likely to benefit from continued subscriber addition and removal of IUC charges. Retails segment also expected to report healthy revenue growth
ONGC	209,262	(2.5)	22.9	91,708	1,796	560	39,865	2,065.4	189.3	29-May	ONGC likely to report QoQ and YoY better profitability on improvement in Crude realization to US$ 61/bbl on an average (4QFY20: US$ 49/bbl; 3QFY21: US$ 41/bbl)
IOC	1,159,067	(2.1)	9.0	172,325	1,469	582	106,556	223.2	116.7	30-May	Profitability aided by recovery in fuel sales and likely inventory gains
BPCL	727,372	5.4	9.0	63,806	LP	232	35,770	LP	17.0	28-May	Profitability aided by recovery in fuel sales and likely inventory gains
HPCL	748,385	13.1	9.0	54,918	LP	253	35,051	349.9	48.9	31-May	Profitability aided by recovery in fuel sales and likely inventory gains
GAIL	170,696	(3.9)	10.5	24,468	38	191	17,735	(39.9)	19.2	28-May	Expect sequential improvement in profitability on better gas trading and petchem margins
Petronet LNG	75,509	(11.9)	3.0	13,260	942	(66)	8,531	137.6	(1.6)	28-May	Expect a sequentially flat 4QFY21, as weaker LNG import in Jan'21 gets offset by pick up in throughput over Feb -Mar 21, when LNG prices cooled off and domestic demand improved
Gujarat Gas	32,296	21.19	14.2	5,099	(18)	(588)	3,134	27.9	(19.7)	28-May	Expect sequential improvement in volume to 11.7mmscmd and EBITDA of Rs 4.8/scm
IGL	15,948	2.7	10.3	4,972	691	(344)	3,509	38.5	4.8	30-May	Expect sequential improvement in volume to 6.8mmscmd with EBITDA per unit of Rs 7.9/scm
MGL	7,532	9.7	13.0	3,646	1,288	87	2,580	54.8	18.8	28-May	Expect sequential improvement in volume to 3.17mmscmd with EBITDA per unit of Rs 12.8/scm
GSPL	5,678	(4.6)	(2.2)	4,058	1,171	289	2,432	7.8	(1.7)	30-May	Expect 4QFY21 to be sequentially flat for GSPL, as better demand in CGD sector could get offset by weaker offtake from Refinery and Power sectors

Note: LL - Loss to Loss, LP - Loss to Profit, PL - Profit to Loss, Note: Result date is either Actual or Tentative. Tentative date is based on historical evidence

Consumer Staples, Discretionary & Durables

CONSUMER STAPLES

- ✓ We expect a strong recovery in sales trajectories for the entire staples universe from a low base with demand holding up well in food, health and hygiene categories, helped further by a continued recovery in discretionary categories.
- ✓ Rural demand is expected to remain strong this quarter as well which would mean a strong performance from companies which have a well-entrenched rural distribution network or have focused on building that over the past couple of years.
- ✓ Growth is expected to be much higher this time for HPC companies like HUL, Marico and Dabur given a weak base while foods companies like Nestle and Britannia are likely to report marginally lower than historical growth given some cool-off in demand and a relatively unfavorable base. The only exception would be Tata Consumer which will see strong growth led by sharp tea price hikes.
- ✓ Key raw materials like milk powder, palm oil and crude derivates have risen which would pressurize gross margins for most companies while EBITDA margins should still improve given positive operating leverage and a combination of cost efficiencies and lower A&P spends.
- ✓ E-commerce and general trade should continue to be the fastest growing channels for most companies while MT is also expected to see some recovery.
- ✓ Our top picks in staples would be Nestle, Tata Consumer, Marico and Emami.

CONSUMER DISCRETIONARY

- ✓ On the discretionary side, most companies should get back to positive growth with strong demand recovery momentum continuing since the festive season.
- ✓ While the growth in smaller markets seems to have sustained atleast till late March for most companies, metros demand especially in malls remains soft.
- ✓ With the second half of March 2020 being a complete write-off for retailers, the favorable base is expected to help.
- ✓ Some categories like jewellery, innerwear, footwear, QSR and paints should continue to see double digit growth for the quarter; apparel retail should turn marginally positive with increasing footfalls while luggage, multiplexes would remain soft.
- ✓ We expect the top brands across categories to keep gaining market share form smaller brands and unorganized players who have weak digital capabilities, liquidity and distribution.
- ✓ Another key trend across categories would be a stronger growth in value for money/ mass segments and low-ticket consumption items.
- ✓ Margins are likely to remain resilient despite an increase in discretionary spends with some cost saving initiatives continuing to benefit companies. The impact of sharp inflation in cotton yarn and crude based fabrics should not impact gross margins in 4Q given the existing old inventory with most retailers.
- ✓ Our top picks in the space would be Jubilant Foods, Page Industries, Relaxo Footwear and V-Mart.

CONSUMER DURABLES

- ✓ The strong demand momentum seen since 2Q is expected to continue for electricals and white goods companies given a combination of price hikes and continuation of strong secondary sales further helped by the early onset of summer.
- ✓ Leading brands should continue to see market share gains led by better distribution reach in both direct sales and e-commerce channels and better product availability.
- ✓ Continued premiumization especially in small appliances where products with better features have seen increased penetration given WFH environment.
- ✓ Further, given expectation of another round of price hikes in April given the inflation in key inputs in addition to strong demand expectations from the summer season, sales should get supported by strong channel filling in March.
- ✓ Margins are expected to improve sharply for most players given positive operating leverage and a low base from last year which saw under-absorption of costs.
- ✓ Further localized lockdowns and commodity price movement are the key risks to this otherwise strong growth story for the space.
- ✓ Our top picks in the space would be Whirlpool, Voltas, Polycab and Crompton.

Exhibit 30: Consumer Staples, Discretionary & Durables - Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (bps)	QoQ (bps)	Q4 FY21	YoY (%)	QoQ (%)		
Aditya Bir. Fas.	18,720	3.0	(9.1)	2,616	538.6	(392.2)	(175)	LL	PL	27-May	Growth should come back to postive trajectory helped by low base, market share gains driving strong recovery for Madura brands
CCL Products	3,122	18.0	5.4	687	(472.3)	(123.1)	430	1.8	(8.8)	10-May	CCL should see a strong recovery in growth with logistics issues getting better and continued momentum in Vietnam plant, margins to normalize from a high base
Avenue Super.	73,034	17.9	(1.7)	5,207	38.5	(217.3)	3,446	20.1	(26.7)	21-May	Company expected to report 18% revenue growth despite operational issues in many locations, margins to get hit by high costs of operations and inferior mix
Tata Consumer	29,341	22.0	(4.4)	3,668	(32.3)	73.0	2,071	45.9	(15.0)	14-May	Tata Consumer to see 22% growth led by strong pricing led growthin India tea business, 20% growth in foods, margins still impacted by sharp inflation in tea prices

Co. name (Rs mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (bps)	QoQ (bps)	Q4 FY21	YoY (%)	QoQ (%)		
Page Industries	7,578	40.0	(18.3)	1,573	1,002.4	(364.1)	1,035	233.9	(32.7)	30-May	Page Industries to see sharp growth from a low base helped by rising demand for athleisure products and recovery in overall innerwear demand, margins to normalize
V-Mart Retail	3,526	6.0	(25.0)	369	210.9	(1,162.1)	(27)	LL	PL	28-May	Revenue to come back to positive trajectory given steady improvement in footfalls and demand, stable margins with no change in discounting
Nestle India	36,514	9.8	6.4	9,092	104.3	226.4	6,001	14.2	24.2	20-Apr	Nestle should see some cool-off in growth especially in nutrition business, margins to improve given RM tailwinds
Hind. Unilever	121,649	35.0	2.6	29,074	98.3	(16.0)	20,102	27.5	2.4	5-May	HUL to see organic sales growth of 20% vs a 9% decline yoy led by aggression in foods business, price hikes and cost initiatives to drive up margins
Britannia Inds.	30,919	7.8	(2.3)	5,641	240.2	(107.3)	4,093	9.9	(9.6)	28-May	Britannia should see better growth than last 2 quarters with demand for biscuits now normal, margins to benefit from RM tailwinds and cost measures
ITC	118,355	9.2	0.4	44,975	(40.0)	167.8	37,868	(0.3)	3.4	28-May	Growth led by 15% Revenue and 10% volume growth in cigarettes, FMCG business to grow at 12%, margins to come off in cigarettes
Bajaj Electrical	15,052	15.7	0.3	1,387	634.8	(61.3)	949	LP	(3.4)	28-May	Strong growth momentum to contiue in Consumer durables led by summer products and kitchen appliances, margin to improve on back of change in revenue mix
Havells India	29,651	33.8	(6.3)	4,231	319.9	(178.0)	2,815	58.9	(19.4)	12-May	Lloyd and ECD to show improved performance on back of seasonality, margin improvement on account of improved performance of Lloyds
Crompton Gr. Con	11,069	7.9	(17.9)	1,866	309.8	201.8	1,422	39.3	(5.9)	14-May	Market share gains in Fans and coolers to drive ECD revenue, while lighting revenue to rebound on back of improved pricing
Polycab India	27,095	27.2	(3.2)	3,658	(61.4)	7.6	2,617	21.6	(0.7)	28-May	Increase in copper prices to drive strong revenue growth, margins flattish given inferior mix
Orient Electric	7,770	38.0	25.7	952	67.3	(136.4)	605	69.0	16.4	-	Favourable base and new product introduction to drive revenue growth

Co. name (Rs mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (bps)	QoQ (bps)	Q4 FY21	YoY (%)	QoQ (%)		
Blue Star	15,925	22.6	41.7	1,202	467.5	29.2	648	619.9	76.0	12-May	Growth in commercial products specially from Pharma and healthcare industry coupled with early summer to drive revenue growth
Voltas	24,334	16.5	22.0	2,486	102.7	290.2	1,951	22.3	51.6	30-May	Market share gains in RAC and Air-coolers to see growth in Cooling segment, while improved execution to lead to higher project revenue
Whirlpool India	16,972	25.4	13.6	1,920	119.4	458.0	1,310	49.8	103.5	24-May	Strong growth in rural and tier 2,3 and 4 cities to lead to higher than industry revenue growth
Johnson Con. Hit	6,541	51.1	34.2	891	734.6	(16.6)	475	563.3	54.6	28-May	Early summer coupled with favourable base and pre-buying ahead of price increases to lead outperformance in cooling products
Dixon Technolog.	20,607	140.3	(5.6)	933	(199.2)	(7.9)	554	100.9	(10.0)	02-May	Increased capacitites and new clients addition in TV and washing machines along with strong orderbook in set-top box and execution of mobile PLI scheme to drive revenue growth

Note: 1. LL - Loss to Loss, LP - Loss to Profit, PL - Profit to Loss

2. Result date is either Actual or Tentative. Tentative date is based on historical evidence

FINANCIALS

Q4 FY21 for Banks & NBFCs will be a strong quarter characterized by further normalization of disbursements (loan growth) and collections, and lower-than-feared slippages and new delinquencies. Easing funding cost is likely to feed into better NIMs for many of our coverage companies. Though core PPOP performance is estimated to be sturdy for our coverage, the earnings could be suppressed by a prudential provisioning stance (to cover risks from relapse of Covid).

- ✓ We expect private banks to deliver sustained brisk growth in retail segment courtesy normalization in growth approach (credit policies), constant strong demand across products and gains of market share (particularly in home loans). CV Finance, Microfinance, LAP and Unsecured Loans (PL, Cards and BL) would witness sequentially stronger traction. Uninterrupted deposits mobilization would keep LDR under check despite stronger loan growth. However, NIMs would be positively influenced by the growth mix. Delinquencies and slippages in retail segment are likely to be lower than Q3 FY21 (our channel checks across retail products corroborate this). Business-as-usual credit cost should be lower.
- ✓ Non-MFI SFBs could likely perform better at the earnings level. In our recent interactions, both AU SFB and Equitas exuded confidence about delivering improvement in asset quality. Growth in their vintage segments of vehicle finance and secured BLs has been reviving at a fast clip, and low-cost deposits accretion remains strong.
- ✓ The larger HFCs should report impressive loan growth on the back of surge in housing sales. Among the smaller ones, Can Fin could stand out by exhibiting material loan book accretion in the quarter after having reduced rates to match the competition. Repco is likely to report insipid growth but resilient asset quality.
- ✓ Vehicle financing NBFCs should report a strong operational performance aided by sustained growth recovery, firm-to-higher NIMs and NPL corrections. After a disappointing Q3, MMFS could report a large swing in profitability due to a sharp reversal in NPLs and provisioning. Chola and SHTF would report a steady performance.
- ✓ MFIs are estimated to report incremental growth recovery and a mild improvement in collection efficiency. With PAR 90 exhibiting stickiness and renewed concerns around collections due to restrictions/partial lockdowns being imposed by few states, the larger MFIs could take a conservative provisioning stance which could impact profits.

Strong results expected from large private banks, AU SFB, Can Fin, MMFS, SHTF and Chola.

Exhibit 31: Banks to report strong NII growth barring RBL Bank

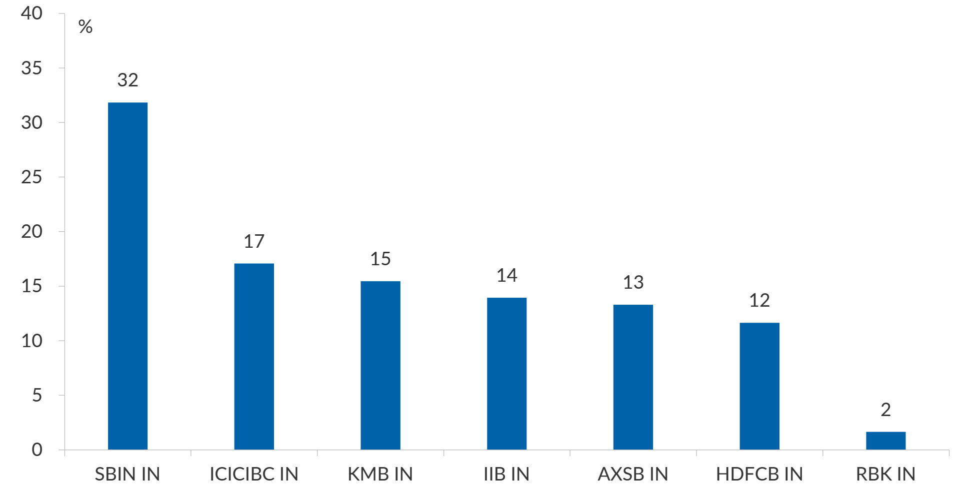


Exhibit 32: Banks - Earnings expectation snapshot

Co. name (Rs mn)	NII			PPOP			PAT			Result Date	Remarks
	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (%)	QoQ (%)		
HDFC Bank	169,730	11.6	4.0	149,644	15.5	(1.5)	82,948	19.7	(5.3)	17-Apr	Bank reported 5% qoq loan growth and 12.5% qoq CASA growth for Q4. Acceleration in retail loan growth and sustained traction in corporate portfolio driving bank-level growth. Solid NII and core PPOP growth likely. Asset quality would be strong.
ICICI Bank	104,517	17.1	5.4	90,521	22.5	2.6	38,903	218.5	(21.2)	24-Apr	Strong growth momentum in retail (housing + revival in PL/Cards) and SME segments to continue. Sturdy asset quality to underpin stable NIM and credit cost.
Axis Bank	77,133	13.3	4.6	64,824	10.8	6.3	16,809	LP	50.5	28-Apr	Retail segment to lead growth. Despite strong collections and asset quality, accelerated provisioning may continue to further strengthen the balance sheet
Kotak Bank	41,096	15.4	2.6	31,597	15.9	2.5	17,581	38.8	(5.1)	12-May	Mortgages, CV/CE and Agri Finance to drive healthy qoq loan growth. Asset quality to be solid
IndusInd Bank	36,818	13.9	8.1	30,975	8.4	4.5	8,426	167.4	1.5	27-Apr	Bank reported 3% qoq loan growth and 7% qoq deposits growth for Q3. Vehicle & CE Finance, Microfinace and BB & LAP likely to have contributed a large part of growth. Robust accretion in granular deposits to underpin healthy NIM/core PPOP growth. Elevated provisioning to continue for improving PCR.
RBL Bank	10,379	1.7	14.3	8,742	16.3	8.6	1,400	22.4	(4.8)	7-May	Bank reported 5% qoq loan growth and 9% qoq deposits growth for Q3. Retail growth likely driven by Cards (22% of overall adv.) and Microbanking (12%). NIM recovery likely in Q4 due to growth mix and strong accretion in low-cost deposits. Elevated provisioning may continue for improving the PCR
St Bk of India	300,127	31.8	4.1	193,821	23.2	11.8	55,218	54.2	6.3	28-May	Housing, Auto, PL and MSME to be large contributors in Q4 growth. NIM will be stabe, while swift recovery in fees will continue. BAU provisions should see a decline on steady asset quality trends
AU Small Finance	6,988	25.9	10.4	3,935	24.6	(54.9)	2,177	78.0	(54.5)	30-Apr	Normalization trends across collections, NPLs and disbursements to have continued, leading to strong growth and earnings performance. Healthy pull-back in NPL ratios likely
Equitas Sma. Fin	4,915	15.9	1.6	2,255	19.7	(18.0)	935	117.3	(15.6)	20-May	Disbursements in Q4 may not cross the pre-Covid level as primary focus was on collections. But asset quality likely to improve qoq

Note: Result date is either Actual or Tentative. Tentative date is based on historical evidence

Exhibit 33: NBFC - Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (%)	QoQ (%)	Q4 FY21	YoY (%)	QoQ (%)		
CreditAcc. Gram.	4,582	49.4	44.7	3,037	69.2	78.3	1,255	307.8	LP	-	AUM growth delivery to be in line wuth guidance of 12-14% yoy growth. While PAR 90 could marginally increase, PAR 30 is likely to have declined. May need to be conservative in provisioning due to high MH exposure and announced restrictions
Spandana Sphoort	2,302	(32.1)	7.7	1,717	(40.5)	9.5	349	(55.0)	LP	-	Sequential AUM growth to be healthy. Material increase in PAR 90 and Covid-induced restrictions in MH to drive higher provisions.
Can Fin Homes	2,040	6.1	(4.4)	1,657	3.7	(7.5)	1,227	35.0	(7.0)	28-May	Loan portfolio will grow significantly on sharp increase in disbursements and significant reduction in net BT Out. NIM/Spread may compress a bit. Asset quality to be steady.
Repco Home Fin	1,448	3.9	(4.9)	1,171	7.1	(8.7)	741	55.3	(6.9)	28-May	Loan portfolio growth to be marginal despite pick-up in disbursements. NIM/Spread could remain firm on further decline in borrowing cost. Some pull-back in NPLs likely.
Manappuram Fin.	10,443	1.9	(3.9)	6,952	5.9	(5.7)	4,600	15.5	(4.8)	14-May	Gold loans portfolio to decline due to steep correction in gold price and shorter tenor. MFI and Housing subsidiaries to report strong qoq growth. Need for more provisioning on MFI portfolio could keep credit cost elevated
Ujjivan Small	4,769	2.2	10.3	1,942	1.9	(4.7)	927	26.7	LP	19-May	Recovery in MFI lending to lead growth. NIM can expand on lower interest reversals and decline in CoD. Provisions to be substantially lower qoq
Bajaj Finance	47,037	0.5	9.6	32,545	0.7	12.0	13,253	39.8	15.6	27-Apr	AUM growth was 7% qoq as reported. Believe consumser finance and mortgages would have driven the growth. NIM could inch-up on funding cost decline. Credit cost to be higher-than-guidance on buffer creation for recent restrictions.
Cholaman.Inv.&Fn	13,828	36.2	1.3	9,923	61.6	(0.3)	4,812	1,028.1	17.7	15-May	Disbursements to surge with robust traction in all products barring HCVs. NIM to improve on reduction in funding cost and surplus liquidity. Asset quality could show improvement.
M & M Fin. Serv.	15,747	16.9	13.8	11,663	20.7	14.6	6,854	210.3	LP	23-Apr	A big swing quarter in terms of earninngs with substantial reversal in NPLs and provisioning likely. Growth can show up and NIM is expected to improve.
Shriram Trans.	22,778	13.3	3.4	17,173	16.6	3.2	7,712	245.2	6.0	14-May	Incremental acceleration in loan growth and sustained resilience in collections and NPLs to be key highlights. NIM can improve on lower funding cost and growth led by used trucks.

Note: Result date is either Actual or Tentative. Tentative date is based on historical evidence

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