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Daily Alerts

Sector alerts

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EQUITY MARKETS

India	Change %			
	3-Oct	1-day	1-mo	3-mo
Sensex	35,976	(1.5)	(5.7)	0.9
Nifty	10,858	(1.4)	(5.7)	0.8
Global/Regional indices				
Dow Jones	26,828	0.2	3.4	11.0
Nasdaq Composite	8,025	0.3	(0.8)	7.0
FTSE	7,510	0.5	0.7	(0.8)
Nikkei	24,175	0.3	6.5	11.3
Hang Seng	27,091	(0.1)	(3.2)	(4.1)
KOSPI	2,285	(1.1)	(1.0)	0.5
Value traded – India				
Cash (NSE+BSE)	424		420	374
Derivatives (NSE)	11,762		6,074	5,749
Deri. open interest	3,376		3,635	3,286

Forex/money market

	Change, basis points			
	3-Oct	1-day	1-mo	3-mo
Rs/US\$	73.3	43	214	477
10yr govt bond, %	8.2	6	6	7

Net investment (US\$ mn)

	1-Oct	MTD	CYTD
FIs	(221)	#N/A	(2,006)
MFs	196	#N/A	13,561

Top movers

Best performers	Change, %			
	3-Oct	1-day	1-mo	3-mo
WPRO IN Equity	328	(0.8)	4.5	25.0
ARBP IN Equity	772	0.3	13.9	23.4
JSTL IN Equity	383	0.7	(1.9)	22.8
RIL IN Equity	1,205	(2.2)	(3.0)	21.7
ABB IN Equity	1,422	(0.0)	11.4	20.6

Worst performers

JPA IN Equity	7	1.4	(36.6)	(55.2)
YES IN Equity	213	5.9	(36.3)	(36.6)
UT IN Equity	3	3.9	(30.3)	(36.1)
IDEA IN Equity	37	(5.3)	(25.7)	(33.5)
UNSP IN Equity	503	(2.7)	(16.6)	(24.6)

OCTOBER 04, 2018

UPDATE

BSE-30: 35,976

Loan growth gaining strength. RBI's recent reports on loan growth and its internals suggest that growth is gradually gaining strength. Loan growth has improved to 13.5% as compared to low single digit over the past 18 months. Lending to NBFCs and retail loans is dominating growth – a trend that is likely to persist for some time given the recent events unfolding in money markets. Private banks and large NBFCs to gain but risk of retail loan growth slowing is higher as compared to market share gains, in our view. NIM pressure to ease but there would be headwinds for another two quarters.

Loan growth showing steady accelerating trends

We are seeing firm positive trends on loan growth for the banking sector with the last available data from RBI reporting a print of 13.5% yoy as compared to a low of 3.5% yoy that we last saw in March 2017. Internal split for August 2018 shows loan growth is being led by services (27% yoy) followed by retail loans (18% yoy). Corporate loan growth is still sluggish at 2% yoy. Within services, growth is dominated by lending to NBFCs, which has grown ~45% yoy. Rising interest rates, tight liquidity, negligible difference in origination costs between MCLR/market rates has resulted in this shift. This would have further increased considering the recent events that have unfolded in the money market post the IL&FS default.

Retail loan growth has been driven by strong addition of customers across product segments

A recent report by CIBIL provides keen insights into the current state of consumer loans. Key takeaways from CIBIL's report: (1) Retail loans (including NBFCs) grew 27% yoy led by 26% growth in live accounts touching 100 mn accounts. The flattish average ticket size is attributed to a change in the loan mix towards credit cards, personal loans and consumer durable loans. (2) Maharashtra, Tamil Nadu and Karnataka account for 40% of outstanding loans. (3) Average retail lending balances are ₹0.6 mn. (4) Delinquency rates have declined or remained stable across most products barring LAP where it has increased to 3% of loans (65 bps yoy).

NBFCs: A bit anxious but in control

As highlighted in our previous report, our discussions with most NBFCs suggest that these companies continue to access funding lines, largely from banks. The liquidity situation for most players seems to be under control with these players raising large funds over the last few days, slowing down in select segments and padding up liquidity for the upcoming festive season. We reiterate our positive view on the sector with Chola, LICHF and Shriram Transport Finance as top picks. Our study shows that the exposure of banks to NBFCs is not too worrying.

Growth could slow down as banks unlikely to increase market share even if there is a gap to fill

We are not too optimistic on the hypothesis that any large funding constraint can result in material market share improvement for banks. It is quite likely that certain segments within the retail portfolio (vehicle finance, small ticket housing loans) could slow down rather than a possible shift in market share to banks, especially private banks.

Note that NBFCs, especially the smaller NBFCs, work in a customer segment that is yet to be targeted by banks. The business model is different and requires a much larger collection team as compared to operating in the prime segment of customers, which has been the normal area of focus of retail banks. It is quite possible that some of the larger NBFCs who work in the adjacent customer segment take this opportunity to increase. NIM pressure to ease but not immediately as the fixed rate books would continue to face pressure due to rising funding costs.

QUICK NUMBERS

- Loan growth is at 13.5% yoy; deposit growth is at 8.6% yoy
- Loans to NBFC sector grew ~45% yoy and is at 6.3% of loans
- Retail loans grew 18% yoy and is at 26% of overall loans; credit card receivables grew 37% yoy

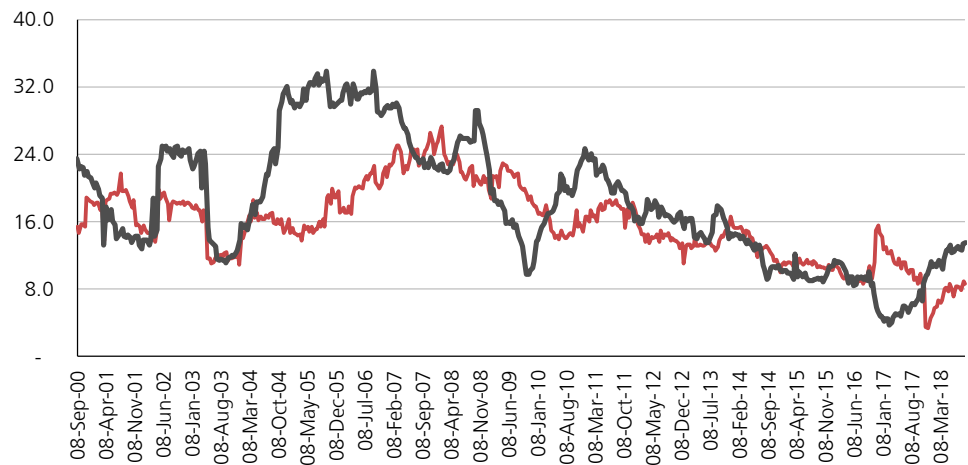
M B Mahesh CFA

Nischint Chawathe

Dipanjan Ghosh

Shrey Singh

Exhibit 1 : Loan growth is closer to 13.5% while deposit growth was at 9% as per last available data
Loan growth and deposit growth, March fiscal year-ends, 2000-18 (%)



Source: RBI, Kotak Institutional Equities

Exhibit 2: Retail and lending to NBFCs dominate incremental loan growth for the banking system
Break-up of loans and growth across segments, March fiscal year-ends, 2012-August 2018 (%)

	Proportion of loans						Growth yoy						Incremental contribution YoY					
	2014	2015	2016	2017	2018	Aug-18	2014	2015	2016	2017	2018	Aug-18	2014	2015	2016	2017	2018	Aug-18
Agriculture & Allied	12.0	12.8	13.5	14.0	13.4	13.4	13.5	14.4	15.3	12.4	3.8	6.6	11.4	22.1	21.5	20.0	6.4	14.2
Priority Sector	33.7	33.5	34.0	34.3	33.2	33.0	22.0	7.0	10.7	9.4	4.8	8.4	48.6	30.3	39.6	38.3	19.8	12.4
Agriculture & Allied	12.0	12.8	13.5	14.0	13.3	13.3	13.5	14.4	15.2	12.3	3.1	6.2	11.4	22.1	21.5	19.8	5.2	17.5
SME	13.5	13.3	12.9	12.7	13.0	12.7	33.6	6.6	5.9	6.4	10.5	13.0	27.1	11.3	8.7	9.9	15.9	(10.1)
Manufacturing	6.9	6.3	5.7	5.2	4.9	4.7	35.5	(1.3)	(2.3)	(0.5)	0.9	2.6	14.5	(1.2)	(1.6)	(0.3)	0.6	(8.0)
Services	6.6	7.0	7.3	7.5	8.1	8.0	31.6	14.9	13.3	11.8	17.1	20.3	12.6	12.5	10.3	10.2	15.3	(2.0)
Housing	5.5	5.4	5.2	5.2	4.9	5.1	13.5	6.3	6.2	7.6	2.0	8.6	5.2	4.3	3.7	4.8	1.2	21.9
Weaker Sections	6.9	6.7	7.3	7.8	7.4	7.6	41.3	4.8	17.9	16.2	2.6	10.5	16.2	4.3	13.3	14.1	2.4	22.1
Industry	45.3	44.3	41.7	37.8	35.1	34.3	13.1	5.3	2.7	(1.9)	0.7	1.9	42.0	30.8	13.4	(9.2)	3.2	(45.4)
Mining & Quarrying	0.6	0.6	0.6	0.5	0.5	0.5	2.0	1.8	8.5	(11.6)	19.8	30.1	0.1	0.1	0.6	(0.8)	1.1	0.1
Food processing	2.7	2.9	2.3	2.1	2.0	1.8	26.1	15.9	(12.5)	(3.0)	6.7	1.8	4.4	5.4	(3.9)	(0.8)	1.7	(15.5)
Textiles	3.7	3.4	3.1	2.8	2.7	2.5	11.1	(1.0)	1.9	(4.6)	6.9	2.5	2.9	(0.5)	0.7	(1.7)	2.3	(14.4)
Rubber, Plastic others	0.7	0.6	0.6	0.6	0.6	0.6	18.0	2.6	(1.1)	4.8	8.2	11.0	0.8	0.2	(0.1)	0.3	0.5	0.7
Glass & Glassware	0.2	0.1	0.1	0.1	0.1	0.1	17.0	1.5	0.6	(10.8)	6.5	25.9	0.2	0.0	0.0	(0.2)	0.1	1.9
Cement	1.0	0.9	0.8	0.8	0.7	0.7	18.0	3.6	(3.1)	(0.1)	(3.1)	(5.5)	1.2	0.4	(0.3)	(0.0)	(0.3)	(1.5)
Basic metals	6.5	6.4	6.4	5.9	5.4	4.9	15.2	6.5	7.9	1.2	(1.2)	(7.8)	6.9	5.4	5.6	0.9	(0.8)	(39.0)
Construction	1.1	1.2	1.1	1.2	1.2	1.1	17.7	21.0	0.3	10.3	9.5	8.4	1.3	3.0	0.0	1.4	1.3	(2.7)
Infrastructure	15.1	15.4	14.7	12.8	11.6	11.9	15.1	10.1	4.4	(6.1)	(1.7)	4.3	15.8	19.4	7.4	(10.7)	(2.6)	40.0
Power	8.8	9.3	8.9	7.4	6.8	6.8	17.4	14.2	4.0	(9.4)	(1.1)	1.6	10.4	15.8	4.1	(9.9)	(1.0)	12.6
Telecom	1.6	1.5	1.4	1.2	1.1	1.2	3.0	1.7	(0.7)	(6.8)	(0.6)	10.5	0.4	0.3	(0.1)	(1.1)	(0.1)	7.4
Roads	2.8	2.8	2.7	2.5	2.2	2.2	19.9	7.2	5.2	1.4	(7.5)	(0.0)	3.7	2.6	1.6	0.4	(2.3)	5.7
Other Infrastructure	1.9	1.8	1.8	1.6	1.6	1.7	9.3	2.6	9.2	(0.1)	3.7	18.9	1.3	0.6	1.8	(0.0)	0.7	14.2
Services	24.0	23.5	23.5	25.4	26.7	26.7	16.1	5.7	9.1	16.9	13.8	26.7	26.6	17.4	23.5	47.7	41.8	28.7
Transport	1.6	1.5	1.5	1.6	1.6	1.6	12.4	2.3	8.9	10.7	9.8	13.9	1.4	0.5	1.5	2.0	1.8	5.3
Professional Services	1.3	1.4	1.6	1.9	2.0	2.0	25.3	19.4	23.9	31.6	12.9	23.5	2.1	3.1	3.7	6.0	3.0	3.9
Trade	5.8	6.1	5.8	6.0	6.1	6.1	17.0	13.3	4.2	12.3	9.1	16.0	6.7	9.8	2.8	8.5	6.6	9.9
Real Estate	2.8	2.8	2.7	2.6	2.4	2.4	22.4	7.8	6.7	4.5	0.1	6.3	4.1	2.8	2.1	1.5	0.0	1.7
NBFCs	5.3	5.2	5.4	5.5	6.5	6.3	13.2	5.8	13.2	10.9	26.9	43.9	4.9	3.9	7.5	7.0	17.7	(7.6)
Personal Loans	18.6	19.4	21.3	22.8	24.8	25.6	15.5	12.5	19.4	16.4	17.8	18.2	20.0	29.7	41.5	41.6	48.6	102.4
Housing	9.7	10.5	11.4	12.1	12.7	13.4	18.4	16.2	18.8	15.2	13.3	17.0	12.1	20.1	21.7	20.7	19.3	82.1
Credit card	0.4	0.5	0.6	0.7	0.9	1.0	(0.2)	22.6	23.7	38.4	31.6	37.4	(0.0)	1.3	1.3	2.6	2.8	12.0
Education	1.1	1.1	1.0	1.0	0.9	0.9	9.2	5.5	7.7	2.7	(0.5)	(1.2)	0.7	0.8	0.9	0.3	(0.1)	0.1
Vehicle	2.3	2.1	2.3	2.4	2.5	2.5	17.4	(4.5)	22.7	11.5	11.3	12.7	2.8	(1.3)	5.2	3.2	3.2	7.0
Other Personal Loans	3.6	3.9	4.5	5.3	6.6	6.8	12.6	18.2	25.2	27.0	35.3	29.2	3.2	8.3	11.0	14.6	22.3	28.0

Source: RBI, Kotak Institutional Equities

September 2018: Results calendar

Mon	Tue	Wed	Thu	Fri	Sat	Sun
8-Oct	9-Oct	10-Oct	11-Oct	12-Oct	13-Oct	14-Oct
		Zee Entertainment Enterprises	TCS	Hindustan Unilever	Avenue Supermarts	
15-Oct	16-Oct	17-Oct	18-Oct	19-Oct	20-Oct	21-Oct
	Hero Motocorp	ACC		UltraTech Cement	HDFC Bank	
	Infosys	Mphasis			ICICI Lombard	
	Mahindra CIE Automotive					
22-Oct	23-Oct	24-Oct	25-Oct	26-Oct	27-Oct	28-Oct
GlaxoSmithkline Pharmaceuticals	Bajaj Finance	Bajaj Auto	Crompton Greaves Consumer	Bharat Electronics		
Kansai Nerolac	Bajaj Finserv	Bajaj Holding & Investment		Dr Reddy's Laboratories		
	HDFC Standard Life	Bharat Financial Inclusion		PI Industries		
	TVS Motor	Hexaware Technologies				
		Jubilant Foodworks				
		Mahindra & Mahindra Financial				
29-Oct	30-Oct	31-Oct	1-Nov	2-Nov	3-Nov	4-Nov
Colgate-Palmolive (India)	Info Edge	Cholamandalam	Berger Paints	Aditya Birla Fashion		
GRUH Finance	Tech Mahindra	Dabur India	HDFC	Axis Bank		
Tata Power	The Ramco Cement					
	Torrent Power					
5-Nov	6-Nov	7-Nov	8-Nov	9-Nov	10-Nov	11-Nov
Timken				Amara Raja Batteries		
12-Nov	13-Nov	14-Nov	15-Nov	16-Nov	17-Nov	18-Nov

Source: NSE, Kotak Institutional Equities

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)			Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)
		3-Oct-18	Target price (Rs)	Upside (%)	(Rs bn)	(US\$ bn)		2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	
Automobiles																													
Amara Raja Batteries	REDUCE	738	780	5.8	126	1.7	171	32	37	43	17.1	15.9	14.5	22.8	19.7	17.2	12.1	10.4	8.9	3.7	3.2	2.8	17.4	17.5	17.4	0.7	0.8	0.9	6.4
Apollo Tyres	BUY	206	340	65.0	118	1.6	541	19	23	28	38.9	26.1	18.1	11.1	8.8	7.4	7.1	6.0	4.9	1.1	1.0	0.9	10.4	12.0	12.7	1.5	1.5	1.5	12.8
Ashok Leyland	BUY	119	160	34.3	350	4.8	2,926	6.2	8.9	9.4	15.3	43.2	6.1	19.2	13.4	12.6	9.8	7.1	6.6	4.2	3.5	3.0	23.4	28.4	25.4	1.6	2.2	2.4	46.5
Bajaj Auto	SELL	2,731	2,600	(4.8)	790	10.8	289	155	168	180	10.8	8.1	7.4	17.6	16.3	15.1	12.0	10.7	9.7	3.7	3.3	3.0	22.2	21.4	20.6	2.3	2.5	2.6	31.7
Balkrishna Industries	REDUCE	1,053	1,300	23.5	204	2.8	193	50	62	70	34.5	24.1	12.8	20.9	16.9	14.9	11.4	9.3	8.1	4.1	3.4	2.8	21.6	22.1	20.7	0.5	0.6	0.7	16.0
Bharat Forge	SELL	603	600	(0.6)	281	3.8	466	23	27	29	44.4	14.6	7.1	25.8	22.5	21.0	14.7	12.8	11.9	5.1	4.4	3.8	21.5	21.0	19.4	0.8	0.9	1.0	12.3
CEAT	ADD	1,109	1,500	35.2	45	0.6	40	99	108	116	53.7	8.3	7.9	11.2	10.3	9.5	7.5	6.5	5.9	1.5	1.3	1.2	14.4	13.8	13.2	0.9	0.9	1.0	12.7
Eicher Motors	SELL	23,236	21,500	(7.5)	634	8.6	27	981	1,124	1,251	23.7	14.6	11.3	23.7	20.7	18.6	16.9	14.7	12.6	8.6	6.5	5.1	41.8	35.8	30.8	0.1	0.1	—	24.2
Escorts	BUY	621	1,200	93.2	53	1.0	89	59	71	78	52.3	19.9	10.2	10.5	8.8	8.0	6.1	4.9	4.0	1.9	1.6	1.4	17.6	18.0	17.1	1.4	1.7	1.9	15.3
Exide Industries	SELL	259	235	(9.3)	220	3.0	850	10	11	13	25.3	11.0	11.6	25.2	22.7	20.3	14.3	12.8	11.4	3.7	3.4	3.0	15.4	15.5	15.7	1.2	1.4	1.5	8.7
Hero Motocorp	SELL	2,914	2,600	(10.8)	582	7.9	200	174	182	196	(6.1)	4.7	7.6	16.8	16.0	14.9	9.8	8.2	8.3	4.4	4.0	3.6	27.9	26.2	25.4	3.0	3.1	3.4	21.9
Mahindra CIE Automotive	ADD	255	290	13.6	97	1.3	378	14	16	17	45.0	12.7	10.4	18.3	16.3	14.7	9.2	8.1	7.2	2.3	2.0	1.8	13.2	13.1	12.7	—	—	—	2.3
Mahindra & Mahindra	BUY	792	1,125	42.1	984	13.4	1,138	45	54	56	18.8	19.0	4.2	17.6	14.7	14.2	11.4	9.4	8.8	2.6	2.3	2.1	15.8	16.6	15.4	1.1	1.4	1.4	32.0
Maruti Suzuki	ADD	7,246	9,200	27.0	2,189	29.8	302	298	362	408	16.7	21.2	12.9	24.3	20.0	17.8	13.2	10.5	8.8	4.6	3.9	3.4	20.1	21.1	20.5	1.0	1.2	1.4	82.6
Motherson Sumi Systems	SELL	243	280	15.3	511	7.0	2,105	11	14	16	40.2	21.5	13.8	21.2	17.4	15.3	8.7	7.2	6.2	4.4	3.7	3.2	22.5	23.2	22.3	1.1	1.3	1.5	15.9
MRF	REDUCE	63,139	69,000	9.3	268	3.6	4	3,425	3,932	4,411	28.3	14.8	12.2	18.4	16.1	14.3	8.6	7.4	6.3	2.4	2.1	1.8	13.9	13.9	13.7	0.1	0.1	0.1	7.8
Schaeffler India	BUY	5,213	6,000	15.1	87	1.2	17	156	199	233	9.0	27.3	17.6	33.4	26.2	22.3	20.3	15.4	12.8	4.6	4.0	3.6	14.5	16.4	17.0	0.6	0.8	0.9	0.6
SKF	ADD	1,698	1,800	6.0	87	1.2	51	69	82	97	19.7	18.5	18.2	24.6	20.8	17.6	15.7	12.9	10.6	4.1	3.6	3.1	16.7	17.1	17.4	0.7	0.8	1.0	0.4
Tata Motors	BUY	228	425	86.7	773	9.8	3,396	22	36	39	10.7	62.7	8.0	10.3	6.3	5.9	3.3	2.8	2.5	0.8	0.7	0.6	7.6	11.2	10.8	—	—	—	48.6
Timken	SELL	585	570	(2.5)	44	0.6	68	19	24	28	41.7	25.1	18.0	30.5	24.4	20.7	18.6	15.0	12.6	4.7	3.9	3.3	16.9	17.5	17.2	0.2	0.2	0.2	0.3
TVS Motor	SELL	538	350	(35.0)	256	3.5	475	15	17	20	8.4	15.1	15.6	35.6	30.9	26.8	19.4	17.0	14.9	7.7	6.6	5.7	23.1	22.9	22.9	0.8	1.0	1.1	15.2
Varror Engineering	BUY	897	1,250	39.4	121	1.6	135	39	47	51	52.3	19.9	10.2	23.0	19.2	17.4	17.9	15.1	13.1	3.5	2.9	2.4	15.3	15.3	13.5	—	—	—	—
WABCO India	SELL	6,650	6,350	(4.5)	126	1.7	19	169	222	225	17.8	31.3	1.0	39.3	29.9	29.6	25.5	19.3	19.0	6.9	5.7	4.8	19.2	19.0	17.7	0.2	0.2	0.2	0.4
Automobiles	Neutral				8,944		121				17.4	25.0	9.7	19.3	15.5	14.1	8.6	7.1	6.3	2.9	2.5	2.2	14.8	16.2	15.6	1.0	1.2	1.3	414.6
Banks																													
Axis Bank	REDUCE	572	600	4.8	1,470	20.0	2,567	19	41	46	1,635.7	118.8	12.3	30.7	14.0	12.5	—	—	—	2.4	2.1	1.8	7.3	14.3	14.3	0.5	1.1	1.2	93.9
Bank of Baroda	NR	103	—	—	273	3.7	2,652	21	26	29	323.7	26.4	12.1	5.0	4.0	3.6	—	—	—	0.9	0.7	0.5	12.7	14.0	13.7	—	—	—	42.1
Canara Bank	ADD	232	300	29.4	170	2.3	733	(5)	51	68	91.6	1,147.0	33.3	(47.8)	4.6	3.4	—	—	—	1.4	0.8	0.6	(1.0)	10.1	12.0	—	—	—	26.8
City Union Bank	REDUCE	169	200	18.6	123	1.7	665	9	11	12	5.8	13.3	16.7	17.9	15.8	13.5	—	—	—	2.8	2.4	2.1	15.5	15.6	16.0	1.0	1.1	1.3	1.9
DCB Bank	ADD	149	205	37.3	46	0.6	308	10	12	16	28.2	21.0	33.1	14.6	12.1	9.1	—	—	—	1.7	1.5	1.3	11.7	12.7	14.9	0.6	0.8	1.0	4.3
Equitas Holdings	BUY	116	190	63.2	40	0.5	340	4.4	8.4	11.4	378.4	89.9	35.6	26.2	13.8	10.2	—	—	—	1.7	1.5	1.3	6.4	11.2	13.4	—	—	—	4.9
Federal Bank	BUY	70	105	49.6	139	1.9	1,972	5.7	8.0	9.8	27.8	39.5	22.9	12.3	8.8	7.2	—	—	—	1.1	1.0	0.9	8.9	11.5	12.9	1.8	2.5	3.1	17.9
HDFC Bank	REDUCE	2,031	2,000	(1.5)	5,519	75.1	2,595	78	94	112	15.7	20.0	19.1	26.1	21.7	18.2	—	—	—	3.8	3.4	3.0	16.7	16.2	17.0	0.7	0.9	1.1	76.6
ICICI Bank	BUY	304	400	31.7	1,954	26.6	6,429	8	26	31	(19.6)	209.1	19.2	35.8	11.6	9.7	—	—	—	2.1	1.7	1.5	5.1	14.5	15.5	0.6	1.7	2.1	91.5
IDFC Bank	NR	38	—	—	128	1.7	3,404	1.2	2.9	4.3	(52.7)	146.7	44.8	31.4	12.7	8.8	—	—	—	0.8	0.8	0.7	2.6	6.3	8.6	0.6	1.6	2.3	6.7
IndusInd Bank	REDUCE	1,639	1,900	15.9	985	13.4	600	70	86	101	15.8	24.3	17.0	23.5	18.9	16.2	—	—	—	3.5	3.0	2.6	17.4	16.7	16.9	—	0.6	0.7	37.2
J&K Bank	BUY	42	100	137.5	23	0.3	557	7	11	15	82.4	63.8	33.5	6.3	3.9	2.9	—	—	—	0.5	0.5	0.4	5.9	9.1	11.2	3.2	5.2	6.9	0.3
Karur Vysya Bank	ADD	80	110	37.8	64	0.9	727	3	13	14	(32.3)	306.7	9.1	24.8	6.1	5.6	—	—	—	1.1	1.0	0.8	3.7	14.1	13.9	1.0	4.1	4.7	1.8
Punjab National Bank	ADD	65	90	39.2	178	2.4	2,761	(27)	12	18	40.4	145.3	46.9	(2.4)	5.4	3.7	—	—	—	3.2	1.1	0.6	(23.4)	10.7	13.8	—	—	—	41.4
RBL Bank	SELL	526	475	(9.7)	223	3.0	420	22	29	36	48.1	31.5	21.0	23.5	17.9	14.7	—	—	—	3.1	2.7	2.4	13.3	15.5	16.5	0.6	0.8	1.0	15.9
State Bank of India	BUY	272	370	36.2	2,425	33.0	8,925	8	37	53	204.8	380.5	42.7	35.3	7.4	5.2	—	—	—	1.8	1.3	1.0	3.1	13.6	16.7	—	0.1	0.2	101.9
Ujivan Financial Services	ADD	255	420	64.7	31	0.4	121	19	28	32	3,033.9	47.3	15.1	13.6	9.3	8.0	—	—	—	1.6	1.4	1.2	12.1	15.8	15.8	0.7	1.1	1.4	5.4
Union Bank	ADD	69	120	75.1	80	1.1	1,169	8	33	40	117.1	330.8	22.5	8.9	2.1	1.7	—	—</											

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs) 3-Oct-18	Target price (Rs)	Upside (%)	Mkt cap. (Rs bn) (US\$ bn)	O/S shares (mn)	EPS (Rs)			EPS growth (%)			P/E (X)		EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)		
							2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E		2021E	
NBFCs																													
Bajaj Finance	SELL	2,232	2,000	(10.4)	1,290	17.6	575	68	90	114	56.6	31.9	27.3	32.8	24.9	19.6	—	—	—	6.7	5.4	4.3	22.4	24.0	24.6	0.3	0.4	0.5	75.1
Bajaj Finserv	REDUCE	5,753	6,100	6.0	915	12.5	159	245	307	376	39.7	25.2	22.5	23.5	18.7	15.3	—	—	—	3.7	3.1	2.6	17.5	18.1	18.6	0.2	0.2	0.2	21.8
Bharat Financial Inclusion	NA	1,017	—	—	142	1.9	139	43	54	69	31.1	27.2	25.8	23.7	18.7	14.8	—	—	—	3.8	3.1	2.5	17.9	18.5	19.0	—	—	—	11.0
Cholamandalam	ADD	1,198	1,425	18.9	187	2.5	156	74	92	113	19.4	23.8	23.1	16.1	13.0	10.6	—	—	—	3.2	2.7	2.2	20.6	21.3	21.7	0.7	0.9	1.1	7.7
HDFC	ADD	1,798	2,020	12.4	3,045	41.4	1,676	55	65	79	(27.3)	18.7	21.2	32.8	27.6	22.8	—	—	—	4.1	3.8	3.4	13.6	14.2	15.7	1.2	1.4	1.7	80.4
HDFC Standard Life Insurance	SELL	380	405	6.7	765	10.4	2,007	6	7	8	14.8	10.9	14.7	59.8	53.9	47.0	—	—	—	15.8	14.2	12.6	28.0	27.7	28.4	0.4	0.5	0.5	7.9
ICICI Lombard	SELL	748	620	(17.1)	340	4.6	454	26	32	37	37.1	21.5	18.5	28.8	23.7	20.0	—	—	—	6.3	5.3	4.4	23.8	24.2	24.0	0.8	1.0	1.2	5.5
ICICI Prudential Life	BUY	330	500	51.4	474	6.5	1,436	12	13	15	10.1	7.0	10.0	26.6	24.9	22.6	—	—	—	5.9	5.0	4.2	24.5	21.8	20.2	0.6	0.7	0.7	8.5
IIFL Holdings	SELL	490	625	27.6	156	2.1	319	38	45	52	31.5	18.6	16.0	13.0	11.0	9.5	—	—	—	2.3	2.0	1.7	20.5	20.0	20.0	1.6	1.9	2.3	1.9
L&T Finance Holdings	ADD	128	165	28.8	256	3.5	1,996	13	14	16	70.9	12.3	12.8	10.2	9.1	8.1	—	—	—	1.8	1.6	1.4	18.9	18.8	18.3	1.6	2.0	1.9	19.9
LIC Housing Finance	BUY	412	580	40.8	208	2.8	505	48	55	66	10.9	13.9	19.8	8.5	7.5	6.2	—	—	—	1.3	1.2	1.0	17.0	16.2	16.9	1.8	2.1	2.5	17.1
Magma Fincorp	BUY	119	165	38.3	32	0.4	237	13	17	21	34.0	31.8	23.0	9.2	6.9	5.6	—	—	—	1.2	1.0	0.9	13.9	15.8	17.0	1.6	2.2	2.7	1.0
Mahindra & Mahindra Financial	ADD	406	450	10.8	251	3.4	614	23	28	34	58.4	23.2	18.6	17.7	14.3	12.1	—	—	—	2.6	2.3	2.1	14.3	15.8	16.7	1.6	1.9	2.3	12.1
Max Financial Services	ADD	393	650	65.5	105	1.4	268	6	6	6	36.9	1.8	1.8	62.6	61.5	60.4	—	—	—	—	—	—	8.3	8.0	7.8	1—	0.6	0.6	5.4
Muthoot Finance	ADD	407	480	17.9	163	2.2	400	40	42	48	(7.8)	6.0	14.8	10.3	9.7	8.4	—	—	—	1.8	1.6	1.4	19.0	17.6	17.8	2.2	2.4	2.7	7.4
PNB Housing Finance	REDUCE	907	1,200	32.3	152	2.1	167	62	75	92	25.3	20.9	22.4	14.5	12.0	9.8	—	—	—	2.1	1.9	1.6	15.2	15.9	17.0	0.4	0.4	0.4	4.2
SBI Life Insurance	ADD	542	785	44.8	542	7.4	1,000	15	18	21	26.0	22.9	17.0	37.3	30.3	25.9	—	—	—	7.1	5.9	5.0	20.6	21.3	20.9	0.4	0.5	0.6	3.0
Shriram City Union Finance	ADD	1,641	2,120	29.2	108	1.5	66	139	171	206	38.1	22.6	20.5	11.8	9.6	8.0	—	—	—	1.9	1.6	1.4	15.5	16.7	17.4	1.1	1.3	1.6	1.5
Shriram Transport	BUY	1,078	1,450	34.5	245	3.3	227	109	127	143	57.8	16.2	12.5	9.9	8.5	7.6	—	—	—	1.7	1.5	1.3	17.6	17.2	16.8	1.4	1.6	2.0	34.6
NBFCs	Neutral				9,377	128					13.2	19.5	19.6	24.2	20.3	16.9				3.8	3.3	2.9	15.9	16.5	17.1	0.8	1.0	1.1	715.5
Cement																													
ACC	SELL	1,510	1,270	(15.9)	284	3.9	188	62	70	81	27.0	13.8	15.2	24.4	21.4	18.6	13.5	11.6	9.8	2.8	2.6	2.3	11.9	12.5	13.1	1.1	1.1	1.1	16.7
Ambuja Cements	REDUCE	213	210	(1.5)	424	5.8	1,986	9	11	12	14.5	23.2	15.8	24.8	20.1	17.4	8.2	6.8	5.6	2.0	1.9	1.7	8.1	9.5	10.4	1.7	1.7	1.7	10.9
Dalmia Bharat	ADD	2,253	2,830	25.6	201	2.7	89	94	122	139	55.8	29.3	14.8	24.0	18.5	16.1	9.2	7.5	6.4	2.9	2.5	2.2	12.9	14.6	14.5	0.1	0.1	0.1	4.3
Grasim Industries	BUY	970	1,170	20.7	638	8.7	657	46	55	70	(2.5)	18.8	28.0	21.0	17.7	13.8	7.3	6.9	6.4	1.1	1.0	0.9	5.2	5.9	7.1	0.6	0.6	0.6	16.7
India Cements	REDUCE	99	118	19.1	31	0.4	308	4	8	12	28.0	102.6	41.3	23.7	11.7	8.3	8.1	6.4	5.3	0.6	0.6	0.5	2.5	4.8	6.5	1.0	1.0	1.0	9.8
J K Cement	ADD	750	890	18.7	52	0.7	70	45	79	78	3.7	75.4	(0.8)	16.7	9.5	9.6	10.0	8.2	6.7	2.4	1.9	1.6	15.0	22.3	18.5	1.1	1.1	1.1	0.5
JK Lakshmi Cement	ADD	298	370	24.0	35	0.5	118	11	28	37	153.5	147.9	30.5	26.3	10.6	8.1	9.4	6.1	5.0	2.3	1.9	1.6	8.9	19.5	21.0	0.7	0.7	0.7	0.4
Orient Cement	ADD	91	145	59.2	19	0.3	205	7	11	15	212.9	58.7	41.3	13.5	8.5	6.0	6.8	5.1	3.8	1.7	1.4	1.2	12.9	18.2	21.8	1.6	2.2	2.2	0.3
Shree Cement	SELL	16,632	12,500	(24.8)	579	7.9	35	421	630	760	6.0	49.7	20.6	39.5	26.4	21.9	18.3	13.7	11.2	5.7	4.8	4.0	15.4	19.7	19.8	0.3	0.3	0.3	5.5
UltraTech Cement	SELL	3,860	2,950	(23.6)	1,060	14.4	275	126	162	201	42.7	28.9	24.0	30.7	23.8	19.2	16.1	13.3	11.0	3.6	3.2	2.8	12.6	14.3	15.4	0.3	0.3	0.3	19.1
Cement	Cautious				3,322	45					19.5	30.3	21.8	26.8	20.6	16.9	10.4	8.9	7.7	2.2	2.1	1.9	8.4	10.0	11.0	0.6	0.6	0.6	84.2

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Target			Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)
		Price (Rs) 3-Oct-18	price (Rs)	Upside (%)	(Rs bn)	(US\$ bn)		2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	
Consumer products																													
Asian Paints	REDUCE	1,252	1,325	5.9	1,201	16.3	959	27	33	39	32.1	20.3	18.3	46.2	38.4	32.5	28.9	23.9	20.2	12.5	10.9	9.5	28.8	30.3	31.3	1.0	1.2	1.5	24.3
Bajaj Corp.	ADD	400	470	17.5	59	0.8	148	15	17	19	7.8	10.3	9.5	25.9	23.5	21.5	20.7	17.7	15.4	12.1	12.0	11.8	46.3	51.2	55.4	3.3	3.5	3.8	0.6
Britannia Industries	ADD	5,739	6,700	16.7	690	9.4	120	104	127	152	24.5	22.2	19.2	55.1	45.1	37.8	36.1	29.5	24.6	16.0	13.0	10.6	32.5	31.8	30.9	0.6	0.8	1.0	14.9
Coffee Day Enterprises	REDUCE	271	290	7.1	57	0.8	211	8	10	12	129.9	30.0	21.2	35.2	27.1	22.4	11.9	10.4	9.6	2.3	2.1	1.9	6.6	8.0	8.9	—	—	—	1.2
Colgate-Palmolive (India)	ADD	1,089	1,250	14.8	296	4.0	272	27	32	36	14.7	15.6	15.5	39.9	34.6	29.9	22.8	19.8	17.2	17.4	15.1	13.3	46.0	46.9	47.3	1.5	1.7	2.1	7.5
Dabur India	REDUCE	425	390	(8.3)	751	10.2	1,762	9	10	12	17.3	12.9	13.6	46.7	41.3	36.4	39.0	33.7	29.2	13.1	11.4	10.0	28.1	29.6	29.4	0.9	1.1	1.3	21.3
GlaxoSmithKline Consumer	ADD	6,723	7,300	8.6	283	3.8	42	199	223	246	19.5	12.1	10.1	33.8	30.1	27.4	23.4	20.1	17.6	7.3	6.6	6.0	22.8	23.0	23.1	1.3	1.6	1.9	2.2
Godrej Consumer Products	SELL	765	733	(4.2)	782	10.6	1,022	17	19	22	18.8	13.7	12.7	45.3	39.8	35.3	32.1	27.8	24.3	10.6	9.2	8.0	25.3	24.7	24.2	0.7	0.8	1.0	13.7
Hindustan Unilever	REDUCE	1,619	1,570	(3.0)	3,504	47.7	2,160	29	33	37	19.5	13.2	12.6	55.2	48.8	43.3	38.2	33.6	29.7	43.2	36.7	31.5	83.5	81.4	78.3	1.3	1.5	1.7	37.3
ITC	ADD	295	330	11.8	3,613	49.2	12,275	10	11	12	8.2	12.3	11.7	30.6	27.2	24.4	19.8	17.5	15.5	6.6	6.2	5.9	20.4	22.2	24.2	1.9	2.3	2.6	58.8
Jubilant Foodworks	BUY	1,192	1,650	38.4	157	2.1	132	25	35	46	74.7	37.6	32.4	46.9	34.1	25.7	23.3	17.5	13.1	11.7	8.9	6.8	29.0	29.7	29.9	0.2	0.3	0.3	28.6
Jyothy Laboratories	ADD	195	240	23.0	71	1.0	364	6	7	8	27.6	16.7	15.4	34.7	29.7	25.7	23.2	19.7	16.7	5.3	4.7	4.1	16.6	16.8	16.9	0.5	0.8	1.0	0.8
Marico	ADD	327	375	14.6	422	5.7	1,291	7	8	9	8.9	20.0	14.5	48.0	40.0	34.9	33.3	27.4	23.7	15.7	14.6	13.5	33.7	37.9	40.2	1.5	1.7	1.9	10.3
Nestle India	ADD	9,344	11,000	17.7	901	12.3	96	171	197	223	34.2	15.7	13.2	54.8	47.3	41.8	31.2	26.9	23.6	24.2	22.2	20.4	46.1	49.0	50.8	1.2	1.4	1.6	9.9
Page Industries	SELL	32,483	25,000	(23.0)	362	4.9	11	418	508	607	34.3	21.6	19.5	77.8	63.9	53.5	50.2	41.5	34.6	32.9	26.0	20.9	47.8	45.5	43.4	0.5	0.7	0.8	17.9
Pidlite Industries	REDUCE	996	1,080	8.5	506	6.9	508	21	26	31	16.8	21.8	20.2	47.3	38.8	32.3	31.3	25.8	21.5	12.0	10.1	8.4	27.4	28.2	28.4	0.7	0.8	1.0	8.2
S H Kelkar and Company	BUY	216	290	34.2	31	0.4	145	7	10	12	(6.2)	41.9	23.2	31.1	21.9	17.8	20.1	14.4	12.5	3.4	3.0	2.7	11.3	14.5	16.0	0.8	0.9	1.3	0.5
Tata Global Beverages	REDUCE	228	250	9.8	144	2.0	631	8	9	10	7.7	17.0	12.9	28.8	24.6	21.8	15.7	13.8	12.2	2.0	1.9	1.8	7.0	7.9	8.5	1.3	1.5	1.8	10.7
Titan Company	SELL	795	840	5.7	705	9.6	888	16	20	23	25.6	21.8	19.3	49.5	40.6	34.1	32.8	26.1	21.5	11.7	9.8	8.3	25.6	26.3	26.4	0.6	0.7	0.9	38.7
United Breweries	SELL	1,288	1,100	(14.6)	340	4.6	264	21	26	31	39.2	23.6	20.6	61.9	50.1	41.5	30.6	26.2	22.5	10.7	9.1	7.7	18.7	19.6	20.0	0.2	0.3	0.5	14.7
United Spirits	REDUCE	503	590	17.3	365	5.0	727	10	13	17	34.7	30.9	24.5	49.1	37.5	30.1	28.7	23.2	19.4	10.0	7.4	5.7	24.2	22.7	21.3	—	—	0.5	12.1
Varun Beverages	ADD	748	800	6.9	137	1.9	183	15	20	26	29.8	34.5	30.7	50.0	37.2	28.5	16.7	14.2	12.0	6.9	5.9	5.0	14.6	17.1	19.0	—	—	0.3	1.3
Consumer products	Cautious				15,379	209					17.7	16.0	14.7	43.3	37.3	32.6	28.0	24.0	20.9	11.3	10.1	9.0	26.1	27.1	27.8	1.2	1.4	1.6	335.3
Energy																													
BPCL	REDUCE	378	375	(0.8)	820	11.2	1,967	38	39	39	(6.7)	3.1	1.1	10.1	9.8	9.6	7.3	6.9	6.7	2.0	1.8	1.6	20.5	19.1	17.5	4.0	4.1	4.1	23.7
Castrol India	SELL	144	155	8.0	142	1.9	989	7	8	9	2.9	10.1	9.7	20.3	18.4	16.8	12.6	11.4	10.3	13.3	13.0	12.5	67.1	71.5	76.0	3.8	4.4	4.7	3.7
GAIL (India)	BUY	382	455	19.2	861	11.7	2,255	29	31	33	41.7	6.4	8.0	13.2	12.4	11.5	8.3	7.8	7.1	1.9	1.8	1.6	15.4	14.9	14.7	2.5	2.6	2.8	25.6
GSPL	SELL	182	185	1.7	103	1.4	564	16	12	13	31.3	(25.1)	12.1	11.7	15.6	13.9	4.7	5.7	5.0	1.8	1.6	1.5	16.2	10.9	11.1	1.3	1.0	1.1	1.5
HPCL	REDUCE	251	285	13.5	383	5.2	1,524	32	32	32	(22.3)	(2.2)	0.5	7.7	7.9	7.9	7.0	7.4	7.7	1.4	1.3	1.2	19.6	17.4	16.1	5.3	5.1	5.2	21.0
Indraprastha Gas	SELL	241	240	(0.5)	169	2.3	700	12	13	15	16.4	12.3	10.7	20.1	17.9	16.2	12.6	11.0	9.7	4.1	3.6	3.2	22.1	21.5	20.9	1.0	1.3	1.7	9.9
IOCL	REDUCE	158	150	(5.3)	1,538	20.9	9,479	18	17	18	(11.2)	(4.1)	2.8	8.7	9.1	8.8	5.0	4.9	4.8	1.3	1.2	1.1	15.1	13.4	12.9	4.6	4.4	4.5	16.7
Mahanagar Gas	ADD	810	965	19.2	80	1.1	99	56	60	64	16.0	7.6	5.4	14.4	13.4	12.7	8.3	7.6	6.9	3.4	3.0	2.7	24.8	23.5	22.0	2.7	3.0	3.1	12.7
ONGC	ADD	181	200	10.2	2,329	31.7	12,833	20	20	19	16.8	0.3	(5.9)	8.9	8.9	9.5	4.2	4.0	4.0	1.0	0.9	0.9	11.2	10.6	9.5	3.7	3.9	3.9	16.1
Oil India	SELL	220	200	(9.3)	250	3.4	1,135	23	24	23	(6.7)	3.4	(2.5)	9.6	9.3	9.5	6.2	5.9	5.9	0.9	0.8	0.8	9.2	9.0	8.4	4.2	4.3	4.2	2.2
Petronet LNG	BUY	222	280	26.3	333	4.5	1,500	16	18	20	16.7	13.1	9.4	13.7	12.1	11.1	9.2	7.7	6.8	3.0	2.6	2.4	23.3	23.2	22.7	2.6	3.3	4.1	9.9
Reliance Industries	SELL	1,205	985	(18.3)	7,132	97.0	5,922	69	78	87	17.6	12.4	11.9	17.3	15.4	13.8	11.7	10.0	8.5	2.2	1.9	1.7	12.2	12.1	12.1	0.5	0.6	0.6	146.9
Energy	Attractive				14,138	192					8.0	4.8	4.8	12.7	12.1	11.6	7.7	7.1	6.6	1.7	1.5	1.4	13.1	12.5	12.1	2.1	2.1	2.2	289.8

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)		Upside (%)	Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)
		3-Oct-18	Target price (Rs)		(Rs bn)	(US\$ bn)		2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	
Industrials																													
ABB	SELL	1,422	1,020	(28.3)	301	4.1	212	26	29	36	30.1	14.2	23.5	55.2	48.3	39.1	32.4	29.2	24.2	7.7	7.0	6.2	14.5	15.1	16.7	0.6	0.6	0.6	2.3
BHEL	REDUCE	74	89	21.1	270	3.7	3,671	3.3	5.5	7.6	47.9	69.3	38.0	22.6	13.4	9.7	7.1	4.3	3.2	0.8	0.8	0.8	3.6	6.1	8.2	2.7	4.6	6.4	9.5
Carborundum Universal	SELL	369	322	(12.8)	70	0.9	189	14	17	20	25.0	21.4	13.8	25.9	21.3	18.7	14.2	11.6	10.0	4.0	3.6	3.2	16.3	17.8	18.1	1.2	1.4	1.6	0.5
CG Power and Industrial	BUY	45	72	60.9	28	0.4	627	2.9	4.3	6.2	255.2	48.7	44.9	15.4	10.4	7.2	6.6	5.2	4.0	1.0	1.0	0.9	6.7	9.8	13.3	—	—	—	4.8
Cummins India	REDUCE	670	710	6.0	186	2.5	277	28	33	37	15.2	17.5	13.7	24.1	20.5	18.0	20.1	17.3	14.8	4.4	4.1	3.8	18.7	20.6	21.8	2.2	2.7	3.0	5.0
Kalpitaru Power Transmission	BUY	319	560	75.4	49	0.7	153	23.0	32.1	41.0	26.0	39.1	27.7	13.8	10.0	7.8	6.4	5.0	4.2	1.6	1.4	1.2	12.5	15.2	16.7	0.5	0.5	0.5	0.6
KEC International	BUY	276	410	48.5	71	1.0	257	21	27	33	16.9	29.7	23.0	13.2	10.2	8.3	7.6	6.1	5.2	2.9	2.3	1.9	24.1	25.2	24.9	0.8	1.1	1.3	2.6
L&T	BUY	1,245	1,600	28.5	1,746	23.8	1,401	66.3	67.6	79.5	28.2	1.9	17.6	18.8	18.4	15.7	17.3	16.7	14.0	3.1	2.8	2.6	17.6	16.2	17.1	1.8	1.8	2.2	47.1
Siemens	SELL	980	1,000	2.0	349	4.7	356	29	35	—	21.4	21.7	—	33.7	27.7	—	19.0	15.3	—	4.0	3.8	—	12.3	14.0	—	1.2	1.5	—	3.8
Thermax	REDUCE	935	1,010	8.1	111	1.5	113	27.8	38.7	43.8	34.7	39.2	13.2	33.7	24.2	21.3	21.3	15.7	13.4	3.6	3.3	3.0	11.1	14.3	14.7	1.0	1.2	1.3	1.0
Industrials	Neutral				3,181	43					29.0	13.9	11.9	21.9	19.3	17.2	16.0	14.2	11.7	2.7	2.5	2.5	12.3	12.9	14.3	1.6	1.9	2.1	77.4
Infrastructure																													
Adani Ports and SEZ	BUY	330	460	39.5	683	9.3	2,071	19	23	29	1.2	21.1	29.8	17.6	14.6	11.2	12.3	10.1	8.8	2.8	2.4	2.0	17.0	17.7	19.4	0.6	0.6	0.6	14.9
Ashoka Buildcon	BUY	111	235	112.0	31	0.4	282	9	10	10	4.1	17.8	(1.3)	12.7	10.7	10.9	8.4	7.1	6.6	1.4	1.3	1.1	11.8	12.3	11.0	1.5	1.2	1.2	0.6
Container Corp.	SELL	641	635	(1.0)	313	4.3	487	21	25	29	17.4	20.9	15.0	30.9	25.6	22.3	19.0	15.1	12.4	3.1	2.8	2.6	10.3	11.6	12.3	1.4	1.6	1.5	5.1
Dilip Buildcon	BUY	637	1,240	94.6	87	1.2	137	56	71	85	19.8	27.5	20.1	11.5	9.0	7.5	6.2	5.0	4.2	2.7	2.1	1.6	26.7	26.2	24.4	—	—	—	3.8
Gateway Distriparks	BUY	145	250	72.4	16	0.2	109	7	8	11	(5.8)	15.2	37.5	20.2	17.6	12.8	9.7	8.0	6.5	2.7	2.4	2.0	9.8	14.5	17.1	—	2.1	2.1	0.3
Gujarat Pipavav Port	BUY	104	150	44.2	50	0.7	483	5.3	6.5	7.8	29.7	22.9	19.3	19.5	15.9	13.3	10.3	8.4	7.0	2.4	2.4	2.3	12.7	15.3	17.8	4.3	5.2	6.1	0.7
IRB Infrastructure	BUY	138	320	131.6	49	0.7	351	31	33	23	36.8	7.1	(31.3)	4.5	4.2	6.1	6.0	6.5	7.7	0.7	0.6	0.6	17.6	16.3	10.0	2.2	2.9	3.1	5.8
Mahindra Logistics	REDUCE	518	565	9.1	37	0.5	71	15	21	25	50.7	39.3	23.7	35.0	25.1	20.3	19.4	14.1	11.1	7.3	5.9	4.7	22.7	25.8	25.8	—	—	—	0.5
Sadbhav Engineering	BUY	220	435	97.5	38	0.5	172	17	22	23	31.7	31.0	2.6	13.0	9.9	9.7	9.8	7.7	6.5	1.8	1.5	1.3	14.5	16.5	14.7	—	—	—	1.4
Infrastructure	Attractive				1,303	18					11.3	20.3	16.7	16.9	14.1	12.0	10.7	9.1	8.2	2.5	2.2	1.9	14.8	15.5	15.7	0.9	1.1	1.1	32.9
Internet																													
Info Edge	ADD	1,393	1,425	2.3	170	2.3	122	26	33	40	14.9	27.5	20.6	53.9	42.3	35.0	40.6	30.7	24.8	6.4	5.8	5.2	13.2	14.3	15.6	0.6	0.6	0.7	3.1
Just Dial	ADD	477	610	27.9	32	0.4	67	26	30	33	23.0	15.0	9.4	18.3	15.9	14.5	9.1	7.2	5.8	2.8	2.4	2.1	16.7	16.6	15.7	0.5	0.6	0.7	22.5
Internet	Cautious				202	3					17.6	23.0	16.8	41.2	33.5	28.7	29.7	23.3	19.4	5.3	4.8	4.2	12.9	14.2	14.7	0.6	0.6	0.7	25.6
Media																													
DB Corp.	REDUCE	205	270	31.9	38	0.5	184	20	23	26	14.9	12.3	14.8	10.1	9.0	7.8	5.4	4.7	—	2.0	2.0	—	20.7	22.3	25.2	8.2	10.3	12.3	0.6
DishTV	ADD	57	90	57.6	105	1.4	1,925	1.8	3.4	4.9	514.6	88.2	42.6	NM	16.6	11.6	5.0	3.9	3.1	1.6	1.4	1.3	5.1	8.9	11.5	—	—	—	4.7
Jagran Prakashan	REDUCE	115	131	14.4	34	0.5	311	11	12	14	10.0	13.6	14.5	10.8	9.5	8.3	4.7	4.0	3.4	1.8	1.7	1.6	15.9	18.2	19.7	4.4	6.5	7.4	0.4
PVR	BUY	1,228	1,430	16.5	57	0.8	47	38	50	61	41.2	32.3	22.4	32.4	24.5	20.0	12.5	10.6	9.0	4.7	4.0	3.4	15.3	17.6	18.3	0.3	0.4	0.5	11.6
Sun TV Network	REDUCE	629	925	47.2	248	3.4	394	35	39	43	20.7	10.9	10.7	18.1	16.3	14.7	12.1	10.5	9.0	4.8	4.3	3.9	28.1	27.9	27.9	2.8	3.2	3.6	18.1
Zee Entertainment Enterprises	ADD	438	600	37.1	420	5.7	960	17	20	22	11.3	17.0	13.9	26.2	22.4	19.6	16.0	13.5	11.7	4.9	4.3	3.8	19.9	20.6	20.7	1.0	1.3	1.6	18.5
Media	Attractive				902	12					28.7	21.0	17.2	21.6	17.9	15.2	10.2	8.7	7.2	3.5	3.2	3.0	16.3	17.7	19.8	1.8	2.1	2.5	53.9

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)		Upside (%)	Mkt cap.		EPS (Rs)			EPS growth (%)			P/E (X)		EV/EBITDA (X)			P/B (X)		RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)			
		3-Oct-18	Target price (Rs)		(Rs bn)	(US\$ bn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E					
Metals & Mining																													
Coal India	ADD	277	320	15.6	1,718	23.4	6,207	25	25	27	120.4	2.2	6.6	11.1	10.9	10.2	8.5	7.2	6.6	6.8	7.5	8.0	62.7	65.9	76.0	7.2	9.0	9.0	14.6
Hindalco Industries	BUY	254	330	30.0	570	7.8	2,229	28	33	35	28.1	17.8	6.4	9.1	7.7	7.2	5.8	4.9	4.4	0.9	0.8	0.8	10.8	11.4	10.9	0.5	0.5	0.5	36.7
Hindustan Zinc	REDUCE	294	280	(4.9)	1,244	16.9	4,225	21	24	27	(3.8)	15.7	12.3	14.2	12.3	10.9	8.4	6.9	5.7	3.1	2.7	2.3	22.9	23.2	22.6	2.7	2.7	2.7	6.2
Jindal Steel and Power	REDUCE	187	215	15.3	181	2.5	968	8	14	22	195.9	68.5	60.8	22.9	13.6	8.5	6.6	6.0	5.1	0.6	0.6	0.5	2.7	4.3	6.5	—	—	—	35.9
JSW Steel	SELL	383	350	(8.7)	927	12.6	2,406	31	26	31	16.1	(16.2)	17.2	12.3	14.6	12.5	7.2	8.4	7.4	2.6	2.3	2.0	23.5	16.6	16.8	0.9	0.9	0.9	36.1
National Aluminium Co.	BUY	69	87	26.1	133	1.8	1,933	10	8	9	238.9	(16.0)	3.6	7.0	8.4	8.1	3.3	3.9	3.7	1.2	1.2	1.2	17.6	14.4	14.6	8.7	8.7	8.7	11.5
NMDC	REDUCE	115	120	4.7	363	4.9	3,164	12	10	11	4.2	(14.3)	5.9	9.4	10.9	10.3	5.8	6.7	6.2	1.4	1.3	1.3	15.3	12.4	12.5	4.8	4.8	4.8	6.3
Tata Steel	ADD	580	660	13.9	662	9.0	1,205	76	85	94	12.8	12.1	10.9	7.6	7	6.1	5.9	6.2	5.8	1.0	0.9	0.8	14.3	14.3	14.4	1.7	1.7	1.7	73.3
Vedanta	BUY	240	360	49.9	892	12.1	3,717	27	38	39	26.7	39.0	2.2	8.8	6.3	6.2	5.4	4.1	3.7	1.3	1.2	1.0	15.4	19.4	17.7	3.4	4.8	4.9	47.9
Metals & Mining	Attractive				6,689	91					35.8	10.0	9.1	10.5	9.5	8.7	6.5	6.0	5.4	1.8	1.7	1.5	17.3	17.5	17.3	3.6	4.2	4.2	268.6
Pharmaceutical																													
Apollo Hospitals	ADD	1,071	1,090	1.7	149	2.0	139	20	27	33	133.5	36.7	21.6	54.4	39.8	32.7	19.1	16.1	14.1	4.3	4.0	3.7	8.2	10.5	11.8	0.5	0.6	0.8	15.8
Aster DM Healthcare	BUY	155	240	54.4	79	1.1	505	5	8	12	74.4	62.0	51.4	32.3	20.0	13.2	11.8	9.3	7.2	2.6	2.3	2.0	8.3	12.2	16.3	—	—	—	0.2
Aurobindo Pharma	ADD	772	760	(1.5)	452	6.2	584	42	57	64	1.0	35.8	12.3	18.3	13.5	12.0	12.2	9.1	8.0	3.3	2.7	2.2	19.3	19.9	18.6	0.7	0.8	1.0	39.7
Biocon	SELL	661	330	(50.1)	397	5.4	601	8	15	18	35.9	75.7	21.7	78.5	44.7	36.7	34.1	22.8	19.4	6.6	5.9	5.3	8.7	13.9	14.3	0.4	0.8	1.0	23.2
Cipla	BUY	655	680	3.9	527	7.2	805	24	31	40	34.5	31.0	29.4	27.8	21.2	16.4	15.6	12.4	9.7	3.3	2.9	2.6	12.4	14.6	15.7	0.7	1.0	1.3	24.1
Dr Lal Pathlabs	REDUCE	959	900	(6.1)	80	1.1	83	24	29	34	19.0	17.9	18.4	39.4	33.4	28.2	24.1	20.2	16.5	8.5	7.1	5.9	23.4	23.1	22.9	0.5	0.6	0.7	1.2
Dr Reddy's Laboratories	REDUCE	2,490	2,150	(13.6)	413	5.6	166	89	118	141	50.2	32.8	19.3	28.1	21.1	17.7	14.1	10.1	8.4	3.0	2.7	2.4	11.1	12.6	13.3	0.5	0.7	0.9	34.5
HCG	BUY	214	270	26.3	19	0.3	85	2	4	7	28.8	87.5	73.4	106.1	56.6	32.6	16.5	13.6	10.7	3.4	3.2	2.9	3.3	5.9	9.4	—	—	—	0.2
Laurus Labs	ADD	425	500	17.6	45	0.6	106	16	29	34	2.4	79.9	17.5	26.2	14.6	12.4	12.2	8.5	7.4	2.7	2.3	1.9	10.9	17.1	15.6	—	—	—	0.6
Lupin	REDUCE	898	800	(10.9)	406	5.5	450	27	39	50	(28.9)	44.0	27.4	33.1	23.0	18.1	15.5	11.2	9.0	2.8	2.5	2.2	8.6	11.4	12.4	0.5	0.7	0.8	46.2
Narayana Hrudayalaya	ADD	236	265	12.4	48	0.7	204	3	6	9	23.0	103.2	40.7	76.2	37.5	26.6	21.8	15.2	12.2	4.4	3.9	3.4	5.9	11.0	13.7	—	—	—	0.2
Sun Pharmaceuticals	SELL	621	540	(13.0)	1,490	20.3	2,406	16	24	29	7.5	45.5	21.6	38.1	26.2	21.5	20.5	14.8	12.3	3.6	3.2	2.8	9.8	12.9	13.2	0.5	0.8	0.9	61.2
Torrent Pharmaceuticals	NR	1,649	—	—	279	3.8	169	47	61	81	18.0	29.6	32.1	34.9	26.9	20.4	15.3	13.1	10.8	5.3	4.6	3.9	15.3	17.2	19.3	0.7	0.9	1.1	8.0
Pharmaceuticals	Neutral				4,383	60					11.3	40.7	22.6	33.1	23.5	19.2	17.1	12.7	10.5	3.6	3.2	2.8	10.9	13.5	14.6	0.5	0.7	0.9	255.0
Real Estate																													
Brigade Enterprises	BUY	190	290	52.4	26	0.4	136	9	15	17	(17.0)	59.2	15.8	20.7	13.0	11.2	13.1	10.2	8.2	1.1	1.0	1.0	5.4	8.1	8.8	1.3	1.3	1.3	0.3
DLF	RS	155	—	—	276	3.8	1,784	5.3	23.9	14.1	(74.4)	35.4	(41.0)	29.5	6.5	11.0	45.0	7.9	14.7	0.8	0.7	0.7	2.6	11.3	6.2	1.3	1.3	1.3	20.5
Godrej Properties	SELL	608	400	(34.3)	140	1.9	216	12.9	15.1	18.2	(32.9)	16.3	20.8	47.0	40.4	33.4	765.1	217.6	117.7	4.9	4.3	3.2	10.9	11.4	10.1	—	—	—	1.7
Oberoi Realty	BUY	400	560	40.0	145	2.0	340	62	44	66	385.4	(28.0)	49.3	6.5	9.0	6.0	9.1	11.3	4.8	1.5	1.3	1.1	27.4	15.2	19.2	0.5	0.5	0.5	2.5
Prestige Estates Projects	ADD	210	315	49.9	79	1.1	375	10	10	11	(24.2)	8.4	—	22.1	20.4	19.7	13.4	13.4	13.3	1.6	1.5	—	7.3	7.5	7.3	0.7	0.7	0.7	0.7
Sobha	REDUCE	400	510	27.5	58	0.5	95	20	23	24	(7.5)	14.8	3.5	19.8	17.3	16.7	11.9	11.2	10.5	1.3	1.3	1.5	6.8	7.4	9.1	1.8	1.8	1.8	1.6
Sunteck Realty	REDUCE	394	360	(8.7)	58	0.8	140	19	19	39	22.4	1.6	106.6	21.1	20.8	10.0	18.0	17.5	7.6	1.9	1.8	1.5	9.5	8.9	16.2	0.3	0.3	0.3	1.9
Real Estate	Neutral				761	10					(23.2)	68.3	(7.9)	17.9	10.6	11.5	20.9	11.4	11.7	1.2	1.1	1.0	7.0	10.6	9.0	0.8	0.8	0.8	29.2

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)	Target price	Upside	Mkt cap.		EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo	
		3-Oct-18	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	(US\$ mn)
Technology																													
HCL Technologies	REDUCE	1,091	1,100	0.8	1,520	20.7	1,409	71	78	82	14.6	8.9	5.0	15.3	14.0	13.4	10.0	8.8	8.2	3.4	2.9	2.6	24.4	22.3	20.6	0.8	2.8	3.0	34.4
Hexaware Technologies	SELL	434	455	4.9	129	1.8	302	20	24	27	19.5	21.6	12.7	21.9	18.0	16.0	16.2	12.3	10.7	5.7	4.8	4.1	27.6	28.7	27.5	1.8	1.8	2.3	22.7
Infosys	ADD	729	770	5.7	3,182	43.3	4,350	36	41	45	12.8	13.3	8.9	20.0	17.6	16.2	13.7	11.9	10.7	4.5	4.0	3.6	23.4	24.2	23.7	3.0	2.7	2.9	90.4
L&T Infotech	ADD	1,910	2,100	10.0	330	4.5	175	83	96	113	30.5	15.6	18.1	23.0	19.9	16.9	17.5	14.1	11.9	7.0	5.6	4.6	33.5	31.3	30.0	1.3	1.4	1.6	9.6
Mindtree	ADD	1,073	1,225	14.1	176	2.4	165	45	57	65	29.5	27.0	14.5	24.0	18.9	16.5	15.2	11.9	10.2	5.5	4.6	3.9	24.7	26.6	25.8	1.2	1.6	1.8	26.2
Mphasis	SELL	1,159	900	(22.4)	224	3.1	193	53	60	63	21.9	12.1	4.7	21.7	19.4	18.5	16.0	13.6	12.6	4.3	3.9	3.5	18.9	21.0	20.0	1.7	2.2	2.6	7.0
TCS	REDUCE	2,163	1,950	(9.8)	8,281	112.7	3,829	84	94	101	24.9	11.7	7.4	25.7	23.0	21.4	18.9	16.9	15.7	8.3	8.1	8.0	34.3	35.6	37.7	1.9	3.5	3.7	83.6
Tech Mahindra	ADD	750	865	15.3	662	9.0	891	46	57	64	8.4	22.4	13.0	16.2	13.3	11.7	9.7	7.6	6.5	3.0	2.6	2.2	20.2	21.2	20.3	1.2	1.4	1.5	38.3
Wipro	REDUCE	328	325	(0.8)	1,482	20.2	4,507	19	23	25	12.8	19.5	7.5	17.1	14.3	13.3	11.1	9.3	8.5	2.6	2.4	2.2	16.5	17.6	17.4	0.5	3.1	3.4	20.8
Technology	Cautious				15,986	217					15.6	13.0	8.1	21.6	19.1	17.7	14.9	13.0	11.9	5.2	4.8	4.4	24.2	25.1	24.9	1.8	3.0	3.2	332.9
Telecom																													
Bharti Airtel	ADD	318	445	39.7	1,273	17.3	3,997	(6)	(4)	5	(221.5)	28.8	215.1	(55.4)	(77.8)	67.6	8.9	7.5	6.0	1.9	2.0	2.0	(3.4)	(2.5)	2.9	0.3	(0.3)	0.4	25.6
Bharti Infratel	REDUCE	252	285	13.2	466	6.3	1,850	13	12	13	(4.8)	(8.5)	7.7	19.2	21.0	19.5	7.0	7.5	7.0	2.9	2.9	2.8	14.6	13.7	14.6	4.2	3.9	4.1	9.7
IDEA	REDUCE	37	45	22.6	321	4.4	4,359	(17)	(17)	(15)	(75.6)	(2.4)	11.4	(2.2)	(2.1)	(2.4)	39.0	32.7	20.1	0.7	1.1	2.0	(29.7)	(41.1)	(59.4)	—	—	—	16.1
Tata Communications	ADD	488	660	35.2	139	1.9	285	0	3	7	(77.5)	694.2	123.5	1,317	165.9	74.2	10.1	8.9	8.0	(60.6)	(82.3)	(1,594.9)	7.8	(42.1)	(211.0)	1.3	1.5	1.5	3.3
Telecom	Cautious				2,198	30					(2,384.5)	5.0	68.0	(30.6)	(32.2)	(100.7)	10.4	9.2	7.5	2.1	2.3	2.5	(6.9)	(7.2)	(2.4)	1.1	0.7	1.1	54.7
Utilities																													
CESC	BUY	862	1,180	36.9	114	1.6	133	115	128	141	31.7	11.6	10.1	7.5	6.7	6.1	5.5	4.9	4.2	0.7	0.7	0.6	10.0	10.4	10.5	1.5	1.5	1.5	8.0
JSW Energy	REDUCE	63	70	10.8	104	1.4	1,640	5.1	6.5	6.6	65.9	26.8	2.9	12.4	9.8	9.5	5.5	4.5	4.1	0.9	0.8	0.7	7.2	8.5	8.0	—	—	—	1.2
NHPC	ADD	23	30	30.4	236	3.2	10,260	3.1	3.2	3.4	26.9	1.8	8.0	7.4	7.3	6.8	7.0	6.8	7.2	0.8	0.7	0.7	10.4	10.2	10.6	7.6	7.6	6.4	1.5
NTPC	BUY	167	190	13.5	1,380	18.8	8,245	15	16	18	18.8	4.4	16.5	11.2	10.8	9.2	8.9	8.3	7.0	1.3	1.2	1.1	11.6	11.3	12.2	2.7	2.8	3.2	11.3
Power Grid	BUY	189	250	32.3	989	13.4	5,232	19	21	23	19.3	13.6	7.6	10.1	8.8	8.2	7.2	6.6	6.3	1.6	1.5	1.3	17.1	17.5	17.0	3.3	3.8	4.1	13.8
Tata Power	BUY	68	90	33.3	183	2.5	2,705	6.0	7.0	10.9	12.7	15.6	57.0	11.2	9.7	6.2	10.4	10.0	8.7	1.1	1.0	0.8	10.1	10.6	14.6	—	—	—	4.5
Utilities	Attractive				3,005	41					21.1	8.8	14.1	10.3	9.4	8.3	7.9	7.3	6.6	1.2	1.1	1.0	11.9	12.0	12.5	3.0	3.2	3.4	40.3

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

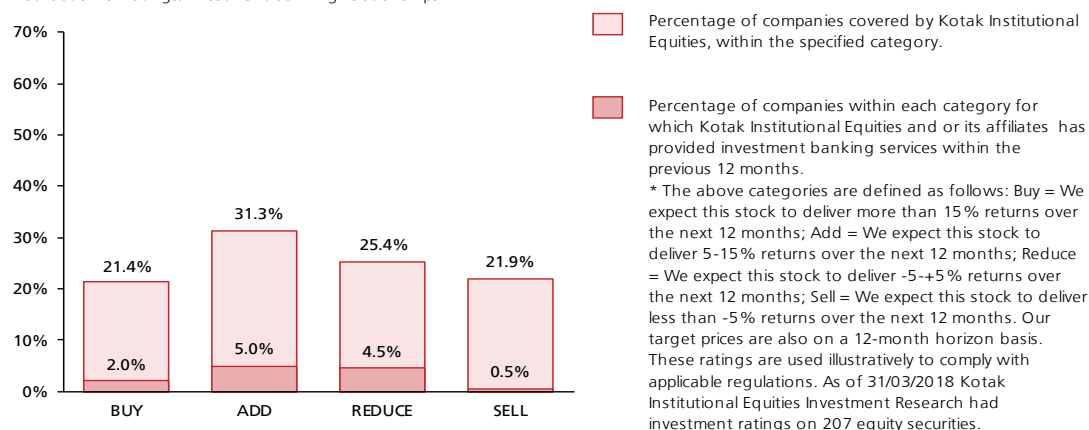
Company	Rating	Price (Rs)		Upside (%)	Mkt cap. (Rs bn) (US\$ bn)		O/S shares (mn)	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)
		3-Oct-18	Target price (Rs)		2019E	2020E		2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	
Others																													
Aditya Birla Fashion and Retail	BUY	182	220	20.7	141	1.9	773	2	4	6	50.6	59.1	53.5	79.4	49.9	32.5	23.4	18.2	14.7	11.1	9.1	7.1	15.0	20.0	24.5	—	—	—	5.0
Astral Poly Technk	SELL	920	640	(30.5)	110	1.5	120	19	25	29	30.2	28.8	16.1	48.2	37.4	32.3	26.0	20.6	17.4	8.5	7.0	5.8	19.8	20.5	19.7	0.1	0.1	0.1	1.0
Avenue Supermarts	SELL	1,301	860	(33.9)	812	11.1	624	16	20	26	28.6	26.4	27.5	80.5	63.7	49.9	46.5	36.5	28.7	14.4	11.7	9.5	19.6	20.3	21.0	—	—	—	—
Bayer Cropscience	REDUCE	4,390	4,100	(6.6)	151	2.1	34	106	130	154	20.5	23.1	18.3	41.6	33.8	28.6	26.4	21.5	17.9	7.3	6.3	5.4	18.9	20.0	20.3	0.5	0.6	0.7	0.5
Crompton Greaves Consumer	SELL	212	215	1.5	133	1.8	627	6	7	9	19.5	20.7	17.4	34.3	28.4	24.2	21.3	18.0	15.1	11.7	9.0	6.9	40.4	35.8	32.3	0.9	1.2	—	2.7
Dhanuka Agritech	ADD	416	650	56.2	20	0.3	49	27	31	34	3.9	15.4	10.8	15.6	13.5	12.2	11.2	9.1	7.8	2.8	2.4	2.1	19.2	19.2	18.5	1.4	1.6	1.8	0.2
Godrej Agrovet	ADD	532	640	20.3	102	1.4	189	15	19	23	28.9	28.8	21.1	35.8	27.8	23.0	19.5	15.3	12.7	5.3	4.5	3.8	15.7	17.4	17.9	—	1—	0.7	0.9
Godrej Industries	RS	507	—	—	170	2.3	336	16	20	—	8.9	24.2	—	31.9	25.7	—	27.3	29.7	—	4.2	3.6	—	13.9	15.1	—	0.3	0.3	—	4.1
Havells India	SELL	613	485	(20.9)	383	5.2	625	14	17	20	26.6	20.5	17.6	43.7	36.3	30.8	27.9	22.7	19.0	9.0	7.9	6.9	22.0	23.2	23.9	0.8	1.0	1.1	14.8
InterGlobe Aviation	BUY	778	980	25.9	299	4.1	383	(11)	42	75	(118.1)	496.4	79.4	(73.3)	18.5	10.3	(41.8)	8.6	4.6	4.4	3.6	2.7	(5.9)	21.5	29.9	(0.1)	-	0.5	18.6
Kaveri Seed	SELL	513	515	0.5	34	0.5	66	34	34	37	7.3	0.1	8.3	14.9	14.9	13.8	12.1	11.4	10.1	3.6	3.1	2.7	26.4	22.4	21.0	1.6	2.0	2.0	4.6
PI Industries	BUY	710	875	23.2	98	1.3	138	31	40	48	17.9	26.8	21.5	22.7	17.9	14.7	16.1	12.5	10.1	4.3	3.6	2.9	20.5	21.7	21.9	0.5	0.7	0.8	2.2
Rallis India	ADD	181	220	21.5	35	0.5	195	10	12	13	17.2	19.4	9.7	17.9	15.0	13.7	11.8	9.9	8.8	2.7	2.4	2.2	15.8	17.1	16.9	2.0	2.2	2.4	0.7
SIS	REDUCE	940	1,130	20.2	69	0.9	73	33	40	48	48.5	21.1	17.8	28.2	23.3	19.8	17.6	14.7	12.3	5.6	4.6	3.8	21.8	21.7	21.1	0.3	0.4	0.5	0.6
SRF	BUY	1,763	2,200	24.8	101	1.4	57	100	132	150	23.8	32.2	14.1	17.7	13.4	11.7	10.5	8.4	7.1	2.5	2.2	1.9	15.0	17.3	17.0	0.8	0.8	0.9	11.4
Tata Chemicals	ADD	669	760	13.6	170	2.3	255	44	51	56	(15.3)	14.6	11.5	15.2	13.2	11.9	6.2	5.2	4.4	1.4	1.3	1.2	9.7	10.3	10.8	2.2	2.5	2.5	6.9
TCNS Clothing Co.	BUY	602	760	26.3	37	0.5	64	18	23	27	15.3	27.5	20.8	34.1	26.7	22.1	18.2	13.7	10.8	6.8	5.2	4.1	22.7	22.2	20.9	—	—	—	—
TeamLease Services	SELL	2,342	1,785	(23.8)	40	0.5	17	60	77	100	38.9	29.2	28.7	39.1	30.3	23.5	39.4	29.8	22.8	7.4	5.9	4.7	20.8	21.7	22.4	—	—	—	1.1
UPL	ADD	643	660	2.7	327	4.5	507	49	55	60	14.6	11.9	9.5	13.1	11.7	10.7	8.9	7.6	6.5	2.9	2.4	2.1	24.7	22.9	21.1	1.6	1.7	1.9	29.2
Vardhman Textiles	ADD	1,004	1,300	29.4	58	0.8	56	118	130	142	14.8	9.7	9.8	8.5	7.7	7.0	6.5	5.9	5.3	1.1	1.0	0.9	13.1	13.0	13.0	2.0	3.0	3.0	0.4
Volta	SELL	530	530	0.1	175	2.4	331	17	21	25	0.4	18.8	18.9	30.5	25.7	21.6	22.8	18.6	15.5	4.0	3.6	3.2	13.9	14.8	15.7	0.7	0.8	0.9	12.0
Whirlpool	SELL	1,404	1,350	(3.8)	178	2.4	127	37	46	56	33.9	24.7	20.2	37.9	30.4	25.3	22.8	18.0	14.7	8.2	6.8	5.8	23.7	24.5	24.8	—	0.7	1.2	1.7
Others																													
					3,645	50				(10.1)	39.1	18.2	33.7	24.2	20.5	19.8	14.5	11.2	4.8	4.2	3.7	14.4	17.2	18.3	0.6	0.7	0.8	118.6	
KIE universe					107,780	1,466				24.3	27.9	14.6	21.2	16.5	14.4	10.8	9.5	8.5	2.7	2.4	2.2	12.7	14.7	15.2	1.4	1.8	1.9		
KIE universe (ex-energy)					93,642	1,274				29.8	34.4	16.8	23.5	17.5	15.0	12.0	10.4	9.2	3.0	2.7	2.4	12.6	15.3	16.1	1.3	1.7	1.9		

Notes:
(a) We have used adjusted book values for banking companies.
(b) 2019 means calendar year 2018, similarly for 2020 and 2021 for these particular companies.
(c) Exchange rate (Rs/US\$)= 73.50

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



Source: Kotak Institutional Equities

As of June 30, 2018

Ratings and other definitions/identifiers

Definitions of ratings

BUY. We expect this stock to deliver more than 15% returns over the next 12 months.

ADD. We expect this stock to deliver 5-15% returns over the next 12 months.

REDUCE. We expect this stock to deliver -5-+5% returns over the next 12 months.

SELL. We expect this stock to deliver <-5% returns over the next 12 months.

Our target prices are also on a 12-month horizon basis.

Other definitions

Coverage view. The coverage view represents each analyst's overall fundamental outlook on the Sector. The coverage view will consist of one of the following designations: Attractive, Neutral, Cautious.

Other ratings/identifiers

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