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### EQUITY MARKETS

India	Change %			
	9-Jul	1-day	1-mo	3-mo
Sensex	35,935	0.8	1.4	6.4
Nifty	10,853	0.7	0.8	4.6
<b>Global/Regional indices</b>				
Dow Jones	24,456	0.4	(3.4)	2.0
Nasdaq Composite	7,688	1.3	0.6	10.6
FTSE	7,649	0.4	(0.4)	6.3
Nikkei	22,052	1.2	(2.8)	1.7
Hang Seng	28,689	1.3	(7.3)	(5.1)
KOSPI	2,286	0.6	(6.8)	(6.5)
<b>Value traded – India</b>				
Cash (NSE+BSE)	310		305	333
Derivatives (NSE)	4,566		8,298	4,687
Deri. open interest	3,319		3,701	3,482

#### Forex/money market

	Change, basis points			
	9-Jul	1-day	1-mo	3-mo
Rs/US\$	68.8	(2)	123	386
10yr govt bond, %	8.2	-	3	68

#### Net investment (US\$ mn)

	5-Jul	MTD	CYTD
FIs	36	73	(549)
MFs	5	115	10,613

#### Top movers

	Change, %			
	9-Jul	1-day	1-mo	3-mo
<b>Best performers</b>				
TCS IN Equity	1,888	(1.3)	8.0	29.1
KMB IN Equity	1,385	1.0	5.1	23.9
HUVR IN Equity	1,692	0.8	6.0	21.6
MM IN Equity	933	0.8	2.3	18.6
NEST IN Equity	9,899	(0.4)	0.1	18.1

#### Worst performers

HDIL IN Equity	20	0.0	(12.3)	(52.3)
RCOM IN Equity	14	1.1	(13.6)	(42.4)
UT IN Equity	4	0.0	(21.2)	(38.3)
IDBI IN Equity	49	1.1	(21.2)	(33.8)
IDEA IN Equity	55	(0.2)	(14.9)	(27.1)

**JULY 10, 2018**
**RESULT**

Coverage view: **Attractive**

Price (₹): **73**

Target price (₹): **90**

BSE-30: **35,935**

**A good start.** Dish TV reported a well-rounded quarter—EBITDA increased 20% qoq driven by 6.5% qoq growth in ARPU, 2.6% qoq growth in subscribers and some cost savings. Impressively, strong performance was largely driven by ARPU growth; merger synergies will provide further boost in the coming quarters. We see early signs of turnaround in Dish TV's 1Q print; consistency in performance will be key to stock performance. We raise our FY2019-21E EBITDA estimates by 3-4% and TP to ₹90 (₹84 earlier) valuing Dish TV at 7.5X FY2020E EV/EBITDA. Maintain ADD.

**Company data and valuation summary**

DishTV

Stock data			Forecasts/Valuations			
			2018	2019E	2020E	
52-week range (Rs) (high,low)			EPS (Rs)			
87-64			(0.4)			
Market Cap. (Rs bn)			EPS growth (%)			
134.9			(143.0)			
Shareholding pattern (%)			P/E (X)			
			(166.2)			
Promoters			Sales (Rs bn)			
31.5			46.3			
FII's			Net profits (Rs bn)			
12.1			(0.8)			
MFs			EBITDA (Rs bn)			
4.0			13.2			
Price performance (%)			EV/EBITDA (X)			
			11.9			
1M			ROE (%)			
3M			(2.3)			
12M			Div. Yield (%)			
(0.5)			0.0			
0.8						
(7.5)						
Rel. to BSE-30						
(1.9)						
(5.3)						
(19.3)						

**1QFY19—impressive show; ARPU growth recovery commences**

Dish TV's net subscriber addition of 301K was in line with our estimate. ARPU at ₹214 increased 6.5% qoq (KIE ₹208; +3.5% qoq) led by price hikes (₹10-15/pack) and seasonality (IPL). Operating costs declined 3% qoq due non-recurrence of merger expenses of ₹600 mn that impacted costs in 4QFY18; this was partly offset by forex loss of ₹210 mn in 1QFY19. Content cost synergies are yet to be realized; employee costs and back-end synergies have started reflecting. EBITDA at ₹5.56 bn was marginally ahead of our estimates despite forex loss of ₹210 mn. Interest expense was higher due to one-time prepayment charges of about ₹220 mn and one-time upfront fees of ₹200 mn paid to the new lenders.

Note on accounting change—starting 1QFY19, Dish TV adopted Ind-AS accounting and aligned revenue recognition policy of Videocon d2h with that of Dish TV. The management indicated that net impact of these two changes was broadly neutral on Revenues and EBITDA.

**On track to meet full year guidance; bulk of merger synergies yet to kick in;**

Dish TV's 1QFY19 print suggests that the company is on track to achieve/exceed its FY2019 guidance—(1) net subscriber additions of 1.3 mn (gross adds of over 4 mn and churn rate of 11%), (2) revenue growth of 8% (implies subscriber growth of 5% and ARPU growth of 3%) and EBITDA margin band of 34-35%; there is room for an ARPU-led surprise, (3) capex of ₹12 bn, and (5) synergy gains guidance is maintained at ₹5.1 bn (capex savings/interest cost savings/EBITDA-level synergies ₹1.1 bn/₹750 mn/₹3.25 bn). Dish TV's management has indicated that the bulk of synergies, especially content-related are yet to be realized and it will provide a further boost to profitability going forward.

**We raise FY2019-21E EBITDA estimates by 3-4% and TP to ₹90 (₹84 earlier)**

We raise our FY2019-21E ARPU forecast resulting in an upgrade in EBITDA estimates by 3-4%. Our TP of ₹90 values Dish TV at 7.5X FY2020E EV/EBITDA; our target multiple somewhat captures R-Jio risk. It also factors potential payout of about ₹2 bn pertaining to prior period license fee liability. Dish TV has started FY2019 and its post-merger journey on a good note. Consistency in performance can drive further upgrades and re-rating.

Jaykumar Doshi

Exhibit 1: Interim results of Dish TV India (DITV) (merged entity), March fiscal year-ends (Rs mn)

	1QFY19	1QFY19E	1QFY18	4QFY18	% chg.			FY2019E	FY2018	% chg.
					KIE	yoy	qoq			
Total revenues	16,556	16,014	7,389	15,324	3	124	8	67,991	46,342	47
- Subscription revenues	14,893	14,461	6,917	13,771	3	115	8	61,868	42,167	47
- Other operating income	1,663	1,553	472	1,553	7	253	7	6,123	4,175	
<b>Total expenditure</b>	<b>(10,989)</b>	<b>(10,514)</b>	<b>(5,377)</b>	<b>(11,317)</b>	<b>5</b>	<b>104</b>	<b>(3)</b>	<b>(43,935)</b>	<b>(33,181)</b>	<b>32</b>
Direct operating costs	(8,841)	(8,404)	(3,765)	(8,689)	5	135	2	(31,835)	(24,877)	28
Employee expenses	(577)	(600)	(388)	(668)	(4)	49	(14)	(2,500)	(2,096)	19
Other expenses	(1,571)	(1,510)	(1,224)	(1,960)	4	28	(20)	(9,600)	(6,208)	55
<b>EBITDA</b>	<b>5,568</b>	<b>5,500</b>	<b>2,012</b>	<b>4,007</b>	<b>1</b>	<b>177</b>	<b>39</b>	<b>24,056</b>	<b>13,161</b>	<b>83</b>
<b>EBITDA Margin (%)</b>	<b>33.6</b>	<b>34.3</b>	<b>27.2</b>	<b>26.1</b>						
Other income	157	125	98	127	26	61	24	356	542	(34)
Interest expense	(1,775)	(1,250)	(590)	(1,329)	42	201	34	(4,941)	(3,964)	25
Depreciation	(3,608)	(3,500)	(1,822)	(3,471)	3	98	4	(15,073)	(10,717)	41
<b>Pretax profits</b>	<b>342</b>	<b>875</b>	<b>(302)</b>	<b>(666)</b>	<b>(61)</b>	<b>(213)</b>	<b>(151)</b>	<b>4,398</b>	<b>(979)</b>	<b>(549)</b>
Extraordinaries										
Tax provision	(87)	(175)	162	1,848				(880)	130	
Minority interest										
<b>Net income</b>	<b>255</b>	<b>700</b>	<b>(140)</b>	<b>1,182</b>	<b>(64)</b>	<b>(282)</b>	<b>(78)</b>	<b>3,518</b>	<b>(849)</b>	<b>(515)</b>
EPS	0.1	0.4	(0.1)	0.6						
<b>Operational metrics</b>										
Net sub adds ('000s)	301	300	NA	200	0.3		50.5	1,300	NA	
Net paying subscribers (mn)	23.6	23.3	NA	23.0	1.3		2.6	24.3	23.0	6
<b>ARPU (Rs/month/sub)</b>	<b>214</b>	<b>208</b>	<b>NA</b>	<b>201</b>	<b>2.9</b>		<b>6.5</b>	<b>218</b>	<b>207</b>	<b>5</b>

## Notes:

- (1) Appointment date of the Dish TV and Videocon d2h merger is October 1, 2017. 1QFY18 and FY2018 financials are not comparable.
- (2) 1QFY19 and 4QFY18 financials above represent financial performance of Dish TV + Videocon d2h (merged entity).

Source: Company, Kotak Institutional Equities estimates

Exhibit 2: Revised estimates for DITV, March fiscal year-ends, 2019E-21E (Rs mn)

	Revised			Previous			Change (%)			
	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	
Subscription revenues	61,868	67,362	73,130	60,449	65,817	71,452	2.3	2.3	2.3	
Other revenues	6,123	6,699	6,772	6,918	7,086	7,454	(11.5)	(5.5)	(9.1)	
<b>Total revenues</b>	<b>67,991</b>	<b>74,061</b>	<b>79,902</b>	<b>67,367</b>	<b>72,903</b>	<b>78,906</b>	<b>0.9</b>	<b>1.6</b>	<b>1.3</b>	
<b>Total expenditure</b>	<b>43,935</b>	<b>46,564</b>	<b>49,750</b>	<b>44,078</b>	<b>46,544</b>	<b>49,846</b>	<b>(0.3)</b>	<b>0.0</b>	<b>(0.2)</b>	
<b>EBITDA</b>	<b>24,056</b>	<b>27,496</b>	<b>30,152</b>	<b>23,290</b>	<b>26,359</b>	<b>29,060</b>	<b>3.3</b>	<b>4.3</b>	<b>3.8</b>	
D&A expenses	15,073	15,828	16,014	15,073	15,828	16,014	-	-	-	
<b>EBIT</b>	<b>8,982</b>	<b>11,668</b>	<b>14,138</b>	<b>8,216</b>	<b>10,530</b>	<b>13,047</b>	<b>9.3</b>	<b>10.8</b>	<b>8.4</b>	
PAT	3,518	6,621	9,439	3,241	5,711	8,566	8.6	15.9	10.2	
EPS (Rs/share)	1.8	3.4	4.9	1.7	3.0	4.4	8.6	15.9	10.2	
<b>EBITDA margin (%)</b>	<b>35.4</b>	<b>37.1</b>	<b>37.7</b>	<b>34.6</b>	<b>36.2</b>	<b>36.8</b>				
<b>Key assumptions</b>										
Net subscribers yr-end (mn)	24.3	25.7	27.0	24.3	25.7	27.0				
<b>Net subscriber additions (mn)</b>	<b>1.30</b>	<b>1.40</b>	<b>1.30</b>	<b>1.30</b>	<b>1.40</b>	<b>1.30</b>				
ARPU (Rs/month/sub)	218	225	231	213	219	226				
<b>ARPU growth (yoy %)</b>	<b>5.4</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>				

Source: Companies, Kotak Institutional Equities estimates

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**Exhibit 3: Valuation of Dish TV (merged entity)**

EBITDA (Rs mn)- FY2020E	27,496
EV/EBITDA target multiple (X)	7.5
EV (Rs mn)	206,223
Net debt (Rs mn) - FY2019E	15,256
Prior period license fee liability	19,500
Equity value (Rs mn)	171,467
Shares outstanding (mn)	1,925
<b>Target price (Rs/share)</b>	<b>89</b>

Source: Company, Kotak Institutional Equities estimates

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Exhibit 4: Consolidated financial summary of Dish TV (merged entity), March fiscal year-ends, 2018-21E (Rs mn)

	2018	2019E	2020E	2021E
<b>Profit model (Rs mn)</b>				
Total revenues	46,342	67,991	74,061	79,902
EBITDA	13,161	24,056	27,496	30,152
Other income	542	356	477	854
Interest	(3,964)	(4,941)	(3,868)	(3,193)
Depreciation	(10,717)	(15,073)	(15,828)	(16,014)
<b>Pretax profits</b>	<b>(979)</b>	<b>4,398</b>	<b>8,277</b>	<b>11,799</b>
Taxes	130	(880)	(1,655)	(2,360)
<b>PAT</b>	<b>(849)</b>	<b>3,518</b>	<b>6,621</b>	<b>9,439</b>
<b>EPS (Rs)</b>	<b>(0.4)</b>	<b>1.8</b>	<b>3.4</b>	<b>4.9</b>
<b>Balance sheet (Rs mn)</b>				
Total Equity	67,361	70,879	77,500	86,940
Total borrowings	27,731	20,731	13,231	5,731
Current liabilities	56,780	58,211	61,436	64,550
<b>Total liabilities</b>	<b>151,871</b>	<b>149,821</b>	<b>152,167</b>	<b>157,221</b>
Cash and cash eq	5,635	5,475	10,488	18,436
Inventories	381	419	456	492
Receivables	3,020	3,322	3,618	3,903
Loans and advances	4,811	5,292	5,765	6,220
Other current assets	3,369	3,705	4,036	4,354
Net fixed assets	128,630	125,581	121,778	117,789
Deferred tax assets	6,027	6,027	6,027	6,027
<b>Total assets</b>	<b>151,871</b>	<b>149,821</b>	<b>152,167</b>	<b>157,221</b>
<b>Free cash flow (Rs mn)</b>				
Operating cash flow, excl. W-cap, ex-taxes		24,056	27,496	30,152
Working capital		(2,487)	(252)	(320)
Taxes paid		(880)	(1,655)	(2,360)
Capital expenditure		(12,025)	(12,025)	(12,025)
Other income (net)		(1,824)	(1,051)	1
<b>Free cash flow</b>		<b>6,840</b>	<b>12,513</b>	<b>15,448</b>
<b>Key assumptions / metrics</b>				
Year-end net subs (mn)	23.0	24.3	25.7	27.0
Net sub adds (mn)	(5.4)	1.3	1.4	1.3
ARPU (Rs/sub/month)	207	218	225	231
Content cost as % of subscription revenue	36.0	34.3	32.8	32.0
Effective tax rate (%)	13.3	20.0	20.0	20.0
<b>EBITDA margin (%)</b>	<b>28.4</b>	<b>35.4</b>	<b>37.1</b>	<b>37.7</b>
ROAE	(2.1)	5.1	8.9	11.5
ROACE	3.0	7.7	10.2	12.3
<b>Net debt (Rs mn)</b>	<b>22,096</b>	<b>15,256</b>	<b>2,743</b>	<b>(12,705)</b>

Notes:

- (1) Appointment date of the Dish TV and Videocon d2h merger is October 1, 2017.
- (2) FY2018 financials above represent financial performance of Dish TV for 12 months and Videocon d2h for 6 months starting Oct 01, 2017.
- (3) Had financials represented 12 months of Dish TV and Videocon d2h performance, revenues would have been Rs62.37 bn and EBITDA of Rs19.69 bn.

Source: Company, Kotak Institutional Equities estimates

JULY 10, 2018

UPDATE

BSE-30: 35,935

**1QFY19E preview—good for most.** Domestic steel companies and integrated aluminum names will report sequential earnings improvement led by higher metal prices—earnings will improve for TATA, JSP, HNDL and NACL. VEDL's earnings will decline sequentially due to closure of copper smelting, iron-ore mining operations—however, we expect VEDL's earnings to improve from here for ramp-up of two large zinc and aluminum projects. We maintain our positive outlook on aluminum—prefer HNDL (BUY), VEDL (BUY) and NACL (ADD). We maintain ADD on TATA and JSTL.

#### Ferrous—operating margins to improve led by higher steel prices, weaker INR/US\$

Domestic steel demand increased by 8.5% for April-May 2018 to 15.3 mn tons. The growth in steel demand has largely been led by flat products (+11% yoy) while long product demand remains subdued (+3% yoy), reflective of the weak construction activity in the country. During these two months, steel imports to India increased 15% yoy to 1.2 mn tons while exports declined 29% yoy to 1 mn tons. We highlight that steel trade is mostly in the flat product segment where demand in India was strong and which to an extent explains the divergent trends in import, export data. Steel imports to India increased from Japan, Korea and China.

The steel export prices (HRC from China) increased by 1% qoq to US\$598/ton. The domestic steel prices, however, rose by 3-4% (+₹1,400-1,700/ton qoq) led by close to 4% fall in the INR/US\$ rate and higher demand. The companies will also report stronger export realizations due to INR/US\$ movement. On the cost side, while coking coal prices (-15% qoq) and iron-ore prices (-2% qoq) were lower, we expect these costs to rise due to lagged effect of high-cost inventories. Overall, we expect EBITDA/ton for TATA and JSP to increase by 1-13% qoq but decline by 1% qoq for JSTL—only because JSTL's 4QFY18 earnings included prior-period GST credits.

#### Non-ferrous—a mixed bag; strong for HNDL, NACL but weak for VEDL, HZ

The movements in prices of base metals were mixed for the quarter—zinc and lead prices declined by 4-5% qoq while all-in aluminum prices increased by 4% qoq; strong aluminum premia also aided pricing. We expect Hindalco's earnings to improve 24% qoq led by higher aluminum prices, premia and lower earnings drag from low-priced hedges. We estimate 45% qoq increase in Nalco's EBITDA to ₹7.1 bn largely led by higher alumina prices.

We expect Hindustan Zinc's EBITDA to decline by 13% qoq to ₹31.2 bn due to lower pricing & volumes. We also expect hedging losses of ₹900 mn for zinc and lead sold earlier in forward contracts. We expect Vedanta's EBITDA to decline by 15% qoq to ₹66.8 bn due to (1) shutdown of copper smelting and Goa iron-ore mine operations and (2) lower operating margins in aluminum due to sharp increase in alumina costs.

#### 1QFY19E—higher steel prices to aid earnings

We expect 43-90% yoy (-6 to 10% qoq) increase in EBITDA of steel names led by higher prices.

- ▶ **Tata Steel.** We expect EBITDA to increase by 10% qoq to ₹71.2 bn (+43% yoy) and net income of ₹30.8 bn (+101% yoy, -6% qoq). We expect India steel names' India EBITDA/ton to increase by ₹2,000/ton qoq to ₹17,900 (+66% yoy) led by higher steel prices and as we expect other costs to decline after sharp increase in 4QFY18. We expect Europe EBITDA/ton to increase to US\$80 (US\$70 in 4QFY18) aided by higher spreads.
- ▶ **JSW Steel.** We expect EBITDA to decline by 6% qoq to ₹49.8 bn (+90% yoy) and net income of ₹21.5 bn (-28% qoq). We estimate 1% qoq decline in EBITDA/ton to ₹11,850 as 4QFY18 earnings included prior-period GST credits. We expect blended realization to increase by ₹1,250/ton qoq led by increase in (1) domestic prices and (2) export realizations on the back of fall in INR/US\$ rate. We expect increase in raw-material costs due to lagged inventory effect on coking coal and iron-ore.

Abhishek Poddar

Samrat Verma

- ▶ **Jindal Steel & Power.** We expect JSP's consolidated EBITDA to increase by 4% qoq to ₹22.3 bn (+65% yoy). We expect standalone EBITDA to increase 1% qoq to ₹15.4 bn (+105% yoy). JSP's steel deliveries increased 46% yoy to 1.18 mn tons (flat qoq) led by ramp-up of Angul steel plant. We expect steel EBITDA/ton to increase 1% qoq to ₹13,050 led by higher steel prices partially offset by raw-material cost increase.
  - ▶ We expect Jindal Power's EBITDA to increase 22% qoq to ₹3.2 bn (-31% yoy) led by higher generation. We expect another strong quarter for Shadeed (EBITDA: US\$70 mn) led by higher global steel prices.
- ▶ **NMDC.** We expect EBITDA to decline by 40% qoq to ₹11.4 bn (-24% yoy)—the sharp decline in earnings is led by lower sales volumes. NMDC's iron-ore sales declined by 26% yoy to 6.84 mn tons (-35% qoq) due to lower off-take by large steel names including JSTL (who instead imported). Iron-ore sales from Karnataka declined 74% yoy to 0.9 mn tons only. We estimate EBITDA/ton to decline 8% qoq to ₹1,660 (+2% yoy) as we expect the company's blended realizations to decline by 4% qoq to ₹3,540/ton.

### Non-ferrous companies—a mixed bag

- ▶ **Vedanta.** We expect EBITDA to decline by 15% qoq to ₹66.8 bn (+37% yoy). The sequential decline in EBITDA is due to (1) shutdown of copper smelting and Goa iron-ore operations, (2) lower aluminum EBITDA (₹8.5 bn, -35% qoq) due to higher alumina costs and (3) lower zinc EBITDA (₹31 bn, -14% qoq) on the back of lower zinc volumes, prices. We expect EBITDA from oil & gas operations to increase 33% qoq to ₹20 bn led by higher crude prices (+12% qoq) and volumes.
  - ▶ We expect Zinc International EBITDA to increase by 2% qoq to ₹2.6 bn (-18% qoq)—the volumes-led earnings improvement in zinc businesses will start from 2QFY19 as new projects are commissioned. We expect net-income to decline by 4% qoq to ₹23.1 bn (+52% yoy). The fall in net-income is lower compared to EBITDA (from 4QFY18) due to change in profit-mix (lower subsidiary earnings) and lower tax rate.
- ▶ **Hindustan Zinc.** We expect Hindustan Zinc's EBITDA to decline by 14% qoq to ₹31.2 bn (+31% yoy). We expect (1) refined zinc metal volumes of 187,000 tons (-4% yoy, -9% qoq), (2) lead production of 37,800 tons (+8% yoy, -27% qoq) and (3) silver volumes of 140 tons (+22% yoy, -18% qoq). The earnings during the quarter will be impacted by losses due to metal hedged earlier. We estimate hedging losses of ₹900 mn for 70,000 tons of zinc and 15,000 tons of lead hedged at lower metal prices.
- ▶ **Hindalco.** We expect EBITDA (including Utkal) to increase by 21% qoq to ₹19.3 bn (+34% yoy). We model aluminum deliveries of 322,500 tons (flat qoq, +8% yoy) and aluminum EBITDA of ₹12.3 bn (+41% yoy, +34% qoq). The sequential improvement in aluminum profits is led by higher aluminum prices, premia and lesser earnings drag from low priced hedges. We estimate EBITDA from Utkal Alumina to increase 10% qoq to ₹3.8 bn. We expect copper EBITDA to decline 3% qoq to ₹3.2 bn (-1% yoy) due to lower volumes. We expect copper volumes to decline to 86,000 tons (-18% yoy) due to shutdown.
  - ▶ At Novelis, we expect adjusted EBITDA to increase 11% yoy to US\$320 mn (flat qoq). We expect shipments to increase 2% yoy to 803,000 tons and EBITDA/ton to increase 8% yoy to US\$398/ton. We expect higher EBITDA in (1) North America (US\$128 mn, +11% yoy) aided by higher recycling spreads and automotive shipments and (2) South America (US\$87 mn, +21% yoy) aided by lower BRL/US\$ rate.

Exhibit 1: Steel prices increased by 3-4% qoq in 1QFY19; aluminum prices increased by 8%  
Price movement for ferrous and non-ferrous metals, 1QFY18 - 1QFY19 (US\$/ton, Rs/ton)

	1QFY18 (US\$/ton)	4QFY18 (US\$/ton)	1QFY19 (US\$/ton)	Change		Implied Rupee realization			Change	
				yoy (%)	qoq (%)	1QFY18 (Rs/ton)	4QFY18 (Rs/ton)	1QFY19 (Rs/ton)	yoy (%)	qoq (%)
<b>Non Ferrous</b>										
Zinc	2,591	3,413	3,263	26	(4)	167,096	219,708	218,758	31	(0)
Aluminium	1,905	2,154	2,209	16	3	122,863	138,660	148,062	21	7
Aluminium all-in prices	2,033	2,257	2,338	15	4	131,116	145,290	156,710	20	8
Lead	2,156	2,518	2,384	11	(5)	139,026	162,117	159,798	15	(1)
Copper	5,668	6,958	6,881	21	(1)	365,460	447,911	461,309	26	3
<b>Ferrous</b>										
Hard coking coal - spot	182	225	191	5	(15)	11,735	14,484	12,804	9	(12)
Global HRC prices - China export <sup>3</sup>	442	593	598	35	1	28,500	38,173	40,094	41	5
Domestic Steel HRC - Mumbai <sup>1</sup>						39,500	45,000	46,550	18	3
Domestic Steel - Primary Rebar - Mumbai <sup>1</sup>						34,500	40,400	41,850	21	4
Domestic Steel HRC - Mumbai <sup>2</sup>						35,600	44,000	45,650	28	4
Domestic Steel - Rebar <sup>2</sup>						31,300	38,800	40,200	28	4
INR/USD (average)						64.5	64.4	67.0	4	4
INR/USD (closing)						64.6	65.1	68.5	6	5

1. As per CRU

2. As per Steel mint

3. Also mentioned are China HRC export prices in rupee equivalent terms

Source: Bloomberg, CRU, Kotak Institutional Equities estimates

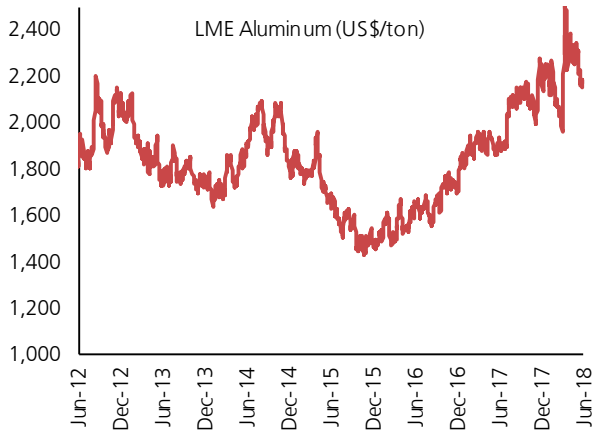
Exhibit 2: India's steel demand increased by 8.5% yoy during April-May 2018  
India's steel production, consumption and trade volumes, 2017-18 (mn tons)

	YTD		
	Apr- May'18	Apr- May'17	Change (%)
<b>Summary (mn tons)</b>			
Net production	16.2	15.0	7.4
Add: Imports	1.2	1.1	14.8
Less: Exports	1.0	1.4	(28.8)
<b>Assumed consumption</b>	<b>16.4</b>	<b>14.7</b>	<b>11.4</b>
Stock change	1.1	0.6	80.8
<b>Consumption</b>	<b>15.3</b>	<b>14.1</b>	<b>8.5</b>

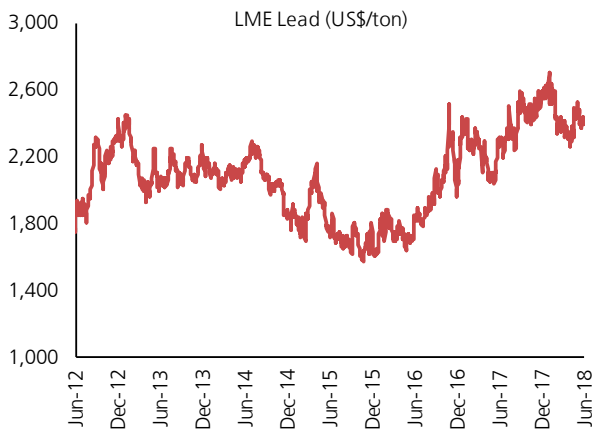
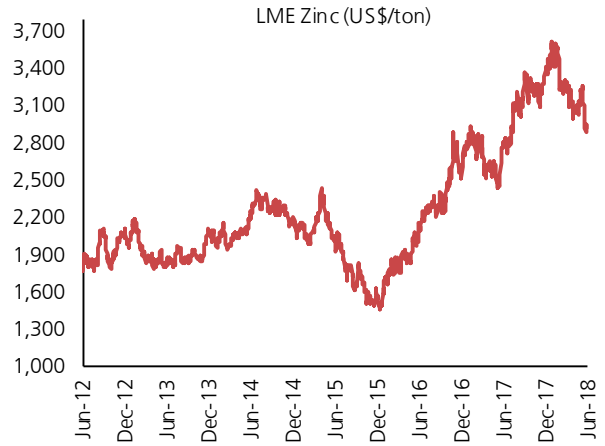
Source: JPC, Kotak Institutional Equities estimates



**Exhibit 3: Average aluminum prices increased by 4% qoq while zinc prices declined by 4% qoq in 1QFY19**  
 LME non-ferrous metals price movements, March 2012- 2018 (US\$/ton)



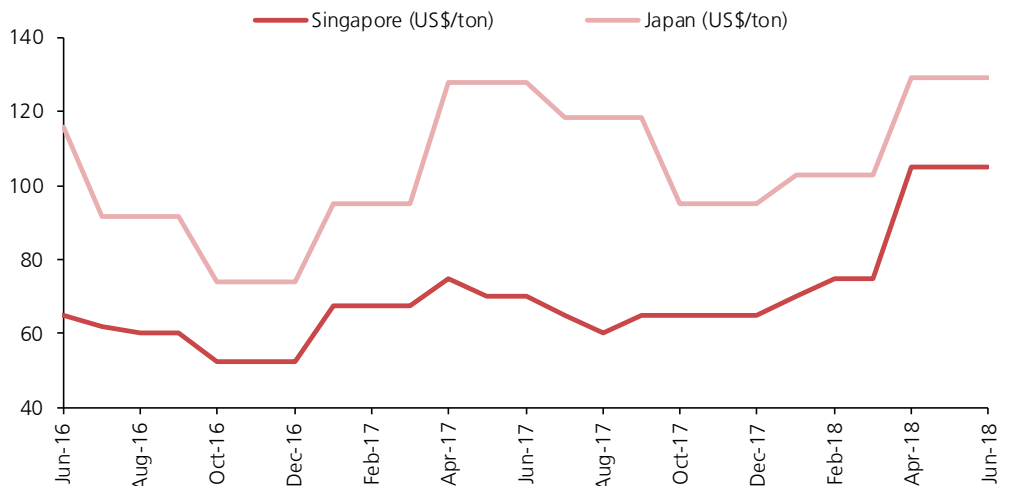
**Average aluminum prices increased by 4% qoq while zinc prices declined by 4% qoq in 1QFY19**  
 LME non-ferrous metals price movements, March 2012- 2018 (US\$/ton)



Source: Bloomberg, Kotak Institutional Equities estimates

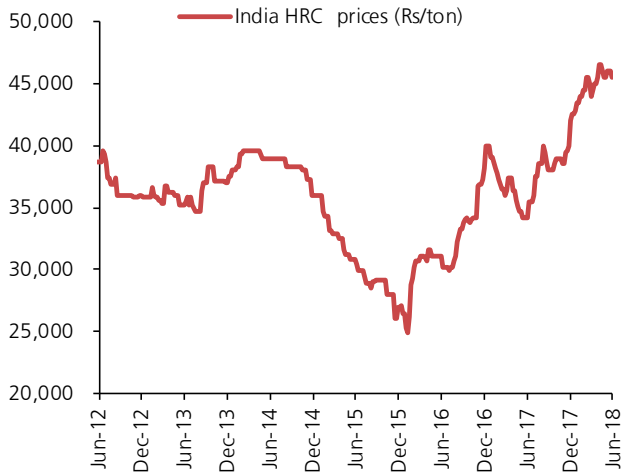
Source: Bloomberg, Kotak Institutional Equities estimates

**Exhibit 4: Average ingot premiums for aluminum in Asia were up in 1QFY19 (+US\$30/ton)**  
 Aluminum ingot premiums in Asia and Rotterdam, 2011-2018 (US\$/ton)



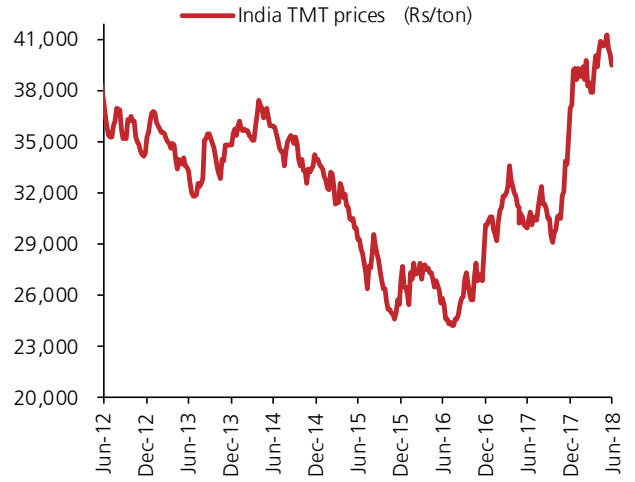
Source: CRU, Kotak Institutional Equities estimates

**Exhibit 5: Average domestic HRC prices increased 4% qoq**  
Domestic HRC price movement, 2012- 2018 (Rs/ton)



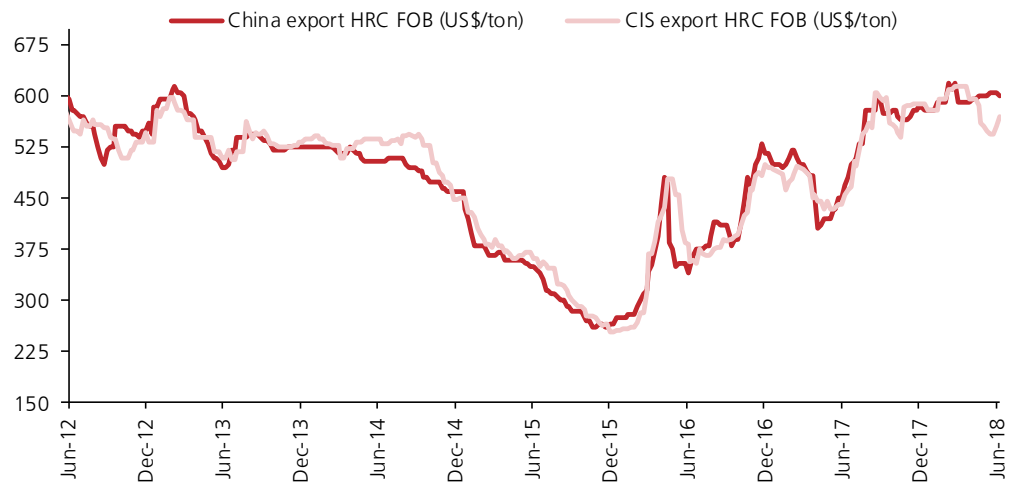
Source: CRU, Steelmint, Kotak Institutional Equities estimates

**Exhibit 6: Domestic steel rebar prices increased 4% qoq**  
Domestic HRC price movement, 2012- 2018 (Rs/ton)



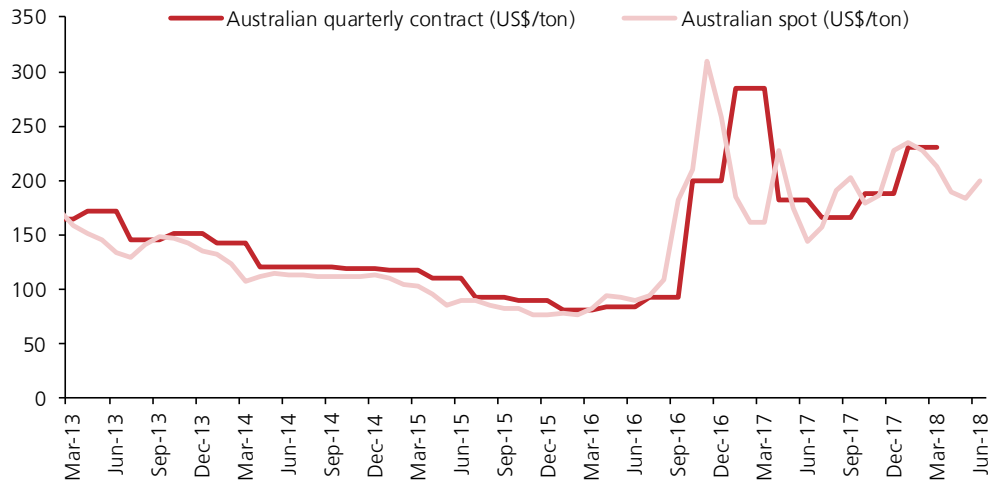
Source: CRU, Steelmint, Kotak Institutional Equities estimates

**Exhibit 7: China HRC (export) prices increased 1% qoq in 1QFY19 to US\$598/ton**  
HRC steel export prices from China and CIS countries, 2012-2018 (US\$/ton)



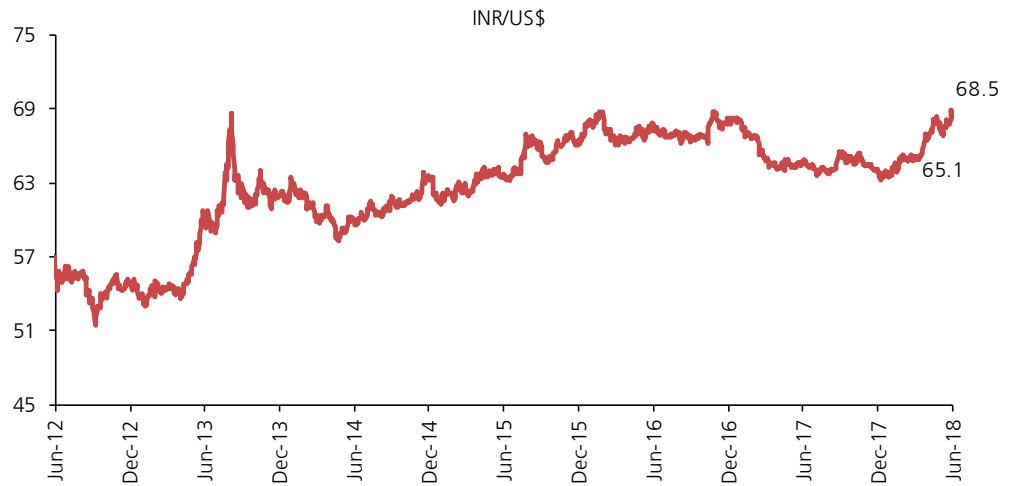
Source: Bloomberg, CRU, Kotak Institutional Equities estimates

**Exhibit 8: Average spot coking coal prices declined 15% qoq to US\$191/ton in 1QFY19**  
 Australian coking coal contract and spot prices, 2013-2018 (US\$/ton)



Source: CRU, Bloomberg, Kotak Institutional Equities estimates

**Exhibit 9: INR/US\$ closed 5% lower at 68.5/US\$ and on average was down 4% to 67/US\$ for 1QFY19**  
 Movement in INR/US\$ rate, June 2012- 2018 (Re/US\$)



Source: Bloomberg, Kotak Institutional Equities estimates

Exhibit 10: Results preview for ferrous companies, 1QFY18-1QFY19E (Rs mn)

	1QFY18	4QFY18	1QFY19E	Change (%)		
				yoy	qoq	
<b>FERROUS</b>						
<b>Jindal Steel and Power - Standalone</b>						
Net Sales	36,414	58,451	59,867	64	2	
EBITDA	7,495	15,188	15,378	105	1	JSP's steel deliveries increased 46% yoy to 1.18 mn tons (flat qoq) led by ramp-up of Angul steel plant. We expect steel EBITDA/ton to increase 1% qoq to Rs13,050 led by higher steel prices partially offset by raw-material cost increase.
EBIT	2,689	10,505	10,649	296	1	
Net profit (adjusted)	(1,777)	2,811	3,055	(272)	9	
Steel deliveries ('000 tons)	810	1,180	1,180	46	—	
<b>Jindal Steel and Power - consolidated</b>						
Net Sales	59,364	86,923	90,228	52	4	We estimate Jindal Power's EBITDA to increase 22% qoq to Rs3.2 bn (-31% yoy) led by higher generation.
EBITDA	13,527	21,365	22,307	65	4	
EBIT	3,905	11,766	12,612	223	7	
Net profit (adjusted)	(3,871)	(18)	423	NM	NM	We expect another strong quarter for Shadede (EBITDA: US\$70 mn) led by higher global steel prices.
Steel deliveries ('000 tons)	810	1,180	1,180	46	—	
Power sales - Jindal Power (mn units)	2,336	2,982	2,319	(1)	(22)	
<b>JSW Steel - consolidated</b>						
Net Sales	144,790	200,270	196,707	36	(2)	We expect blended realization to increase by Rs1,250/ton qoq led by increase in (1) domestic prices, and (2) export realizations on the back of fall in INR/US\$ rate.
EBITDA	26,170	52,900	49,816	90	(6)	
EBIT	17,980	44,250	41,126	129	(7)	
Net profit (adjusted)	6,260	29,960	21,483	243	(28)	We expect increase in raw-material costs due to lagged inventory effect on coking coal, iron-ore. We estimate EBITDA/ton to decline 1% qoq to Rs11,850 as 4QFY18 earnings included prior-period GST credits.
Steel deliveries ('000 tons)	3,510	4,220	4,011	14	(5)	
EBITDA/ton (Rs)	6,262	11,950	11,850	89	(1)	
<b>Tata Steel - Standalone</b>						
Net Sales	129,706	162,809	161,947	25	(1)	India steel deliveries increased 8% yoy to 2.97 mn tons (-2% qoq) in 1QFY19.
EBITDA	29,663	48,093	53,084	79	10	
EBIT	21,120	40,944	46,588	121	14	
Net profit (adjusted)	11,232	26,383	25,711	129	(3)	We estimate blended India steel realizations to increase by Rs1,000/ton qoq and India EBITDA/ton to increase by Rs2,000/ton qoq to Rs17,900 (+66% yoy). We expect lower employee and other costs after sharp increase in 4QFY18.
Steel deliveries ('000 tons)	2,750	3,030	2,970	8	(2)	
Average realisation/ton (Rs)	46,675	52,628	53,628	15	2	
EBITDA/ton (Rs)	10,786	15,872	17,873	66	13	
<b>Tata Steel - Consolidated</b>						
Net Sales	295,568	361,323	356,494	21	(1)	The European steel spreads increased in 1QFY19 and we expect Europe EBITDA/ton to increase to US\$80 (US\$70/ton EBITDA in 4QFY18). We build-in higher coking coal costs in Europe due to lagged impact of high cost inventory.
EBITDA	49,740	64,989	71,225	43	10	
EBIT	34,729	49,868	56,028	61	12	
Net profit	9,184	101,872	30,726	235	(70)	We expect EBITDA of subsidiaries (combined) to increase 7% qoq to Rs18.1 bn (-10% yoy).
Adjusted net profit	15,352	32,633	30,826	101	(6)	
Steel deliveries ('000 tons)	5,830	6,200	6,000	3	(3)	
Average realisation/ton (US\$)	785	905	886	13	(2)	
EBITDA/ton (US\$)	132	163	177	34	9	
<b>NMDC</b>						
Net Sales	28,415	38,830	24,180	(15)	(38)	NMDC's iron-ore sales declined by 26% yoy to 6.84 mn tons (-35% qoq) due to lower off-take by large steel names including JSTL (who instead imported). Iron-ore sales from Karnataka declined 74% yoy to 0.9 mn tons only.
EBITDA	14,949	19,010	11,370	(24)	(40)	
EBIT	14,482	18,308	10,664	(26)	(42)	
Net profit (adjusted)	9,693	11,064	8,043	(17)	(27)	We estimate EBITDA/ton to decline 8% qoq to Rs1,660 (+2% yoy). We estimate company's blended realizations to decline by 4% qoq to Rs3,540/ton.
Saleable ore ('000 dmt)	9,184	10,537	6,840	(26)	(35)	
Average realisation/ton (Rs)	3,094	3,685	3,535	14	(4)	

Source: Company, Kotak Institutional Equities estimates

Exhibit 11: Result preview for non-ferrous companies, 1QFY18-1QFY19E (Rs mn)

	1QFY18	4QFY18	1QFY19E	Change (%)		
				yoy	qoq	
<b>NON - FERROUS</b>						
<b>Hindalco Industries</b>						
Net Sales	97,700	116,811	110,439	13	(5)	
EBITDA	11,477	12,576	15,533	35	24	We model aluminum deliveries of 322,500 tons (flat qoq, +8% yoy) and aluminum EBITDA of Rs12.3 bn (+41% yoy, +34% qoq). The sequential improvement in aluminum profits is led by higher aluminum prices, premia and lesser earnings drag from low priced hedges. We estimate EBITDA from Utkal Alumina to increase 10% qoq to Rs3.8 bn.
EBITDA (including Utkal)	14,387	16,022	19,327	34	21	
EBIT	7,686	7,978	10,912	42	37	
Net profit (adjusted)	3,940	3,770	5,644	43	50	
Primary aluminium ('000 tons)	299	321	323	8	0	We estimate copper EBITDA to decline 3% qoq to Rs3.2 bn (-1% yoy) due to lower volumes. We expect copper volumes to decline to 86,000 tons (-18% yoy) due to shutdown.
Copper cathodes ('000 tons)	105	108	86	(18)	(20)	
Aluminium EBITDA/ton (US\$)	454	446	572	26	28	
<b>Novelis (US\$ mn)</b>						
Net Sales (US\$ mn)	2,669	3,066	3,119	17	2	We expect adjusted EBITDA before metal price lag at US\$320 mn (+11% yoy).
Adjusted EBITDA (US\$ mn)	289	319	320	11	0	We expect shipments to increase 2% yoy and EBITDA/ton to increase 8% yoy to US\$398/ton.
EBIT (US\$ mn)	196	228	224	14	(2)	
Net profit (US\$ mn)	101	106	112	11	5	We expect higher EBITDA in (1) North America (US\$ 128 mn, +11% yoy) aided by higher recycling spreads and automotive shipments, and (2) South America (US\$87 mn, +21% yoy) aided by lower BRL/US\$ rate.
Rolled shipments ('000 t)	785	805	803	2	(0)	
Adj. EBITDA/ton -rolled (US\$)	368	396	398	8	0	
<b>Hindustan Zinc</b>						
Net Sales	45,760	62,770	56,618	24	(10)	
EBITDA	23,840	36,200	31,238	31	(14)	We expect (1) refined zinc metal volumes of 187,000 tons (-4% yoy, -9% qoq), (2) lead production of 37,800 tons (+8% yoy, -27% qoq) and (3) silver volumes of 140 tons (+22% yoy, -18% qoq).
EBIT	25,540	36,470	30,702	20	(16)	
Net profit	18,760	25,050	22,105	18	(12)	
Refined Zinc ('000 tons)	190	210	187	(2)	(11)	The earnings during the quarter will be impacted by losses due to metal hedged earlier. We estimate hedging losses of Rs900 mn for 70,000 tons of zinc and 15,000 tons of lead hedged at lower metal prices.
Refined Lead ('000 tons)	34	50	38	11	(24)	
Silver (tons)	110	167	140	27	(16)	
<b>National Aluminium Co.</b>						
Net Sales	18,027	28,632	26,499	47	(7)	We model alumina shipments of 270,000 tons (+4% yoy) and aluminum volumes of 110,000 tons (+24% yoy).
EBITDA	2,275	4,897	7,105	212	45	
EBIT	1,105	3,629	5,824	427	60	The improvement in profitability is largely led by increase in alumina prices.
Net profit	1,289	2,571	4,307	234	68	We factor alumina realizations at US\$480/ton (+27% qoq) assuming few consignments at old rates.
Aluminium deliveries ('000 tons)	89	112	110	24	(2)	
<b>Vedanta</b>						
Net Sales	182,850	276,300	194,148	6	(30)	
EBITDA	48,740	78,370	66,831	37	(15)	The sequential decline in EBITDA is due to (1) shutdown of copper smelting and Goa iron-ore operations, (2) lower aluminum EBITDA (Rs8.5 bn, -35% qoq) due to higher alumina costs, and (3) lower zinc EBITDA (Rs31 bn, -14% qoq) on the back of lower zinc volumes, prices.
EBIT	34,880	61,540	48,991	40	(20)	
Net profit	15,250	32,660	23,156	52	(29)	
Adjusted net profit	15,250	24,200	23,156	52	(4)	
Copper cathodes ('000 tons)	90	106	—	(100)	(100)	
Aluminum ('000 tons)	318	467	477	50	2	
Power wheeled units (mn units)	1,838	3,109	3,237	76	4	
Refined Zinc ('000 tons)	190	210	187	(2)	(11)	We expect EBITDA from oil & gas operations to increase 33% qoq to Rs20 bn led by higher crude prices (+12% qoq) and volumes.
Refined Lead ('000 tons)	34	50	38	11	(24)	
Silver (kg)	110	167	140	27	(16)	

Source: Company, Kotak Institutional Equities estimates

## June 2018: Results calendar

Mon	Tue	Wed	Thu	Fri	Sat	Sun
<b>9-Jul</b>	<b>10-Jul</b>	<b>11-Jul</b>	<b>12-Jul</b>	<b>13-Jul</b>	<b>14-Jul</b>	<b>15-Jul</b>
	IndusInd Bank		HCL Technologies	Bajaj Corp.	DCB Bank	
	Tata Consultancy Services		Karnataka Bank	Infosys		
<b>16-Jul</b>	<b>17-Jul</b>	<b>18-Jul</b>	<b>19-Jul</b>	<b>20-Jul</b>	<b>21-Jul</b>	<b>22-Jul</b>
Hindustan Unilever	Ashok Leyland	Bandhan Bank	ABB India	Bajaj Auto	HDFC Bank	
	CRISIL	Mahindra CIE Automotive	Bajaj Finance	Bajaj Holdings & Investment		
	Federal Bank	Mindtree	Bajaj Finserv	Bata India		
	ICICI Lombard	UltraTech Cement	Kotak Mahindra Bank	Havells India		
	Rallis India		RBL Bank	HDFC Standard Life		
	Zee Entertainment Enterprises			Kansai Nerolac Paints		
				Wipro		
<b>23-Jul</b>	<b>24-Jul</b>	<b>25-Jul</b>	<b>26-Jul</b>	<b>27-Jul</b>	<b>28-Jul</b>	<b>29-Jul</b>
L&T Infotech	Asian Paints	Crompton Greaves Consumer	Bharat Financial Inclusion	Coromandel International	J K Cements	
	GlaxoSmithkline Pharma	GRUH Finance	Biocon	ICICI Bank		
	Hexaware Technologies	Hero MotoCorp	Cholamandalam Investment	MMFSL		
	ICICI Pru Life	JSW Steel	Colgate-Palmolive (India)	Prestige Estates Projects		
	Info Edge (India)	Jubilant Foodworks	Dr Reddys Laboratories			
	Kajaria Ceramics	SIS	WABCO India			
		Tata Elxsi	Yes Bank			
<b>30-Jul</b>	<b>31-Jul</b>	<b>1-Aug</b>	<b>2-Aug</b>	<b>3-Aug</b>	<b>4-Aug</b>	<b>5-Aug</b>
Godrej Consumer Products	Bharat Electronics	Aditya Birla Fashion	Marico			PI Industries
HDFC	Castrol India	Exide Industries	The Ramco Cements			
IDFC	Dabur India	Torrent Power				
IDFC Bank						
Shree Cement						
Tech Mahindra						
<b>6-Aug</b>	<b>7-Aug</b>	<b>8-Aug</b>	<b>9-Aug</b>	<b>10-Aug</b>	<b>11-Aug</b>	<b>12-Aug</b>
	Mphasis	Cipla		Dr Lal Pathlabs		
		PNB Housing		Timken India		

Source: NSE, Kotak Institutional Equities

## 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)
		9-Jul-18	Target price (Rs)		(Rs bn)	(US\$ bn)		2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	
<b>Automobiles</b>																													
Amara Raja Batteries	REDUCE	784	780	(0.6)	134	1.9	171	28	33	39	(1.6)	21.2	15.5	28.4	23.5	20.3	15.1	12.5	10.7	4.6	3.9	3.4	17.0	18.0	18.0	0.5	0.6	0.7	5.9
Apollo Tyres	BUY	262	340	29.7	150	2.2	541	13	20	25	(38.0)	48.6	24.7	19.6	13.2	10.6	10.7	7.7	6.4	1.4	1.4	1.3	8.5	11.1	12.5	1.2	1.1	1.1	10.6
Ashok Leyland	BUY	131	160	22.2	384	5.6	2,926	5.4	6.2	8.9	8.0	15.3	43.2	24.3	21.1	14.7	14.0	10.8	7.9	5.3	4.6	3.8	23.7	23.4	28.4	1.9	1.4	2.0	36.1
Bajaj Auto	SELL	3,018	2,800	(7.2)	873	12.7	289	140	160	176	6.0	14.0	10.0	21.5	18.9	17.2	15.0	13.5	11.9	4.6	4.1	3.6	22.9	22.8	22.3	2.0	2.1	2.3	19.9
Balkrishna Industries	BUY	1,214	1,260	3.8	235	3.4	193	37	51	63	4.8	35.4	24.6	32.5	24.0	19.2	17.2	13.2	10.5	5.7	4.7	3.9	19.0	21.6	22.1	0.3	0.4	0.4	8.8
Bharat Forge	SELL	652	650	(0.2)	303	4.4	466	16	22	27	10.1	38.0	19.4	40.2	29.2	24.4	19.3	16.3	13.8	6.5	5.6	4.8	17.2	20.7	21.1	0.7	0.8	0.8	10.5
CEAT	ADD	1,315	1,600	21.7	53	0.8	40	65	101	113	(29.5)	55.4	12.6	20.3	13.1	11.6	9.9	8.3	7.1	2.0	1.8	1.6	10.4	14.6	14.4	0.9	0.8	0.8	13.8
Eicher Motors	SELL	27,633	26,000	(5.9)	753	11.0	27	792	995	1,200	29.3	25.5	20.6	34.9	27.8	23.0	25.1	20.2	16.4	14.0	10.1	7.5	46.4	42.3	37.5	0.1	0.1	0.1	17.2
Escorts	BUY	893	1,170	31.1	76	1.6	89	39	56	69	71.3	43.6	23.6	23.0	16.0	13.0	13.1	9.8	7.6	3.1	2.7	2.3	13.5	16.8	17.7	0.4	0.9	1.2	17.3
Exide Industries	SELL	268	225	(16.1)	228	3.3	850	8	10	11	0.6	23.7	11.1	32.7	26.4	23.8	18.3	15.3	13.6	4.2	3.8	3.5	13.5	15.2	15.3	0.9	1.1	1.3	8.0
Hero Motocorp	SELL	3,612	3,500	(3.1)	721	10.5	200	185	206	227	9.5	11.1	10.1	19.5	17.6	15.9	12.2	11.0	9.8	6.1	5.4	4.7	33.8	32.6	31.6	2.4	2.8	3.1	17.7
Mahindra CIE Automotive	ADD	260	275	5.9	98	1.4	378	10	13	15	107.0	35.8	12.9	27.0	19.9	17.6	13.3	10.0	8.7	2.6	2.3	2.1	10.4	12.5	12.4	—	—	—	2.9
Mahindra & Mahindra	BUY	933	1,015	8.8	1,160	16.9	1,138	38	44	50	22.0	15.6	14.8	24.6	21.3	18.5	16.2	13.8	11.9	3.5	3.1	2.7	15.1	15.4	15.7	0.8	0.9	1.1	32.4
Maruti Suzuki	ADD	9,375	9,700	3.5	2,832	41.2	302	256	330	395	5.1	29.2	19.6	36.7	28.4	23.7	20.6	16.1	12.9	6.8	5.8	5.0	19.8	22.0	22.6	0.7	0.9	1.1	61.6
Motherson Sumi Systems	SELL	303	265	(12.4)	637	9.3	2,105	8	11	14	6.1	37.7	21.7	37.0	26.9	22.1	13.9	10.7	8.9	6.4	5.5	4.7	19.0	22.1	22.9	0.7	0.9	1.1	13.3
MRF	REDUCE	75,505	76,000	0.7	320	4.7	4	2,669	3,896	4,447	(23.9)	46.0	14.1	28.3	19.4	17.0	12.8	9.5	8.1	3.3	2.8	2.4	12.3	15.7	15.4	0.1	0.1	0.1	7.4
Schaeffler India	BUY	5,500	6,000	9.1	91	1.3	17	143	171	207	22.0	19.4	21.1	38.4	32.2	26.6	22.7	19.5	15.8	5.4	4.8	4.2	15.0	15.8	16.9	0.3	0.6	0.8	0.7
SKF	REDUCE	1,746	1,700	(2.6)	90	1.3	51	58	70	81	24.6	20.8	16.4	40.3	25.1	21.5	18.8	16.1	13.5	4.9	4.3	3.7	16.1	17.0	17.2	0.7	0.8	1.0	0.4
Tata Motors	BUY	274	445	62.7	929	12.7	3,396	20	24	38	(28.0)	18.0	63.0	13.7	11.6	7.1	4.0	3.6	3.0	1.0	0.9	0.8	8.8	8.0	11.9	—	—	—	61.6
Timken	SELL	741	660	(10.9)	50	0.7	68	14	19	25	(5.3)	42.3	27.5	54.8	38.5	30.2	30.5	21.3	17.0	7.2	6.1	5.1	13.9	17.1	18.5	0.1	0.1	0.1	0.4
TVS Motor	SELL	589	410	(30.3)	280	4.1	475	14	17	21	18.7	23.0	22.0	42.2	34.3	28.1	25.7	20.0	16.7	9.7	8.2	6.9	25.1	26.0	26.7	0.6	0.9	1.1	11.6
WABCO India	SELL	6,997	6,350	(9.2)	133	1.9	19	144	169	222	27.8	17.8	31.3	48.6	41.3	31.5	31.6	27.0	20.4	8.7	7.3	6.0	19.5	19.2	20.9	0.1	0.1	0.2	0.5
<b>Automobiles</b>	<b>Neutral</b>				<b>10,531</b>	<b>153</b>					<b>(0.9)</b>	<b>23.2</b>	<b>25.5</b>	<b>27.0</b>	<b>21.9</b>	<b>17.4</b>	<b>12.0</b>	<b>9.9</b>	<b>8.2</b>	<b>3.8</b>	<b>3.4</b>	<b>3.0</b>	<b>14.2</b>	<b>15.5</b>	<b>16.9</b>	<b>0.8</b>	<b>0.9</b>	<b>1.1</b>	<b>358.8</b>
<b>Banks</b>																													
Axis Bank	ADD	525	600	14.2	1,349	19.6	2,567	1	20	39	(92.6)	1,735.5	100.1	489.0	26.6	13.3	—	—	—	2.6	2.3	1.9	0.5	7.7	13.8	1.0	0.6	1.1	64.3
Bank of Baroda	NR	117	—	—	310	4.5	2,652	(9)	20	23	(253.2)	323.2	10.5	(12.8)	5.7	5.2	—	—	—	1.4	1.0	0.8	(5.8)	12.6	12.3	—	—	—	29.4
Bank of India	ADD	89	120	34.5	155	2.3	1,744	(35)	(6)	16	(134.7)	82.2	366.7	(2.6)	(14.5)	5.4	—	—	—	1.3	1.7	1.1	(21.3)	(3.6)	9.5	—	(1.4)	3.7	12.2
Canara Bank	ADD	250	300	20.2	183	2.7	733	(58)	(2)	60	(406.6)	97.3	4,031.4	(4.3)	(162.4)	4.1	—	—	—	1.6	1.5	0.9	(11.9)	(0.3)	11.8	—	—	—	30.4
City Union Bank	ADD	187	190	1.5	125	1.8	665	9	10	12	6.4	16.2	13.0	21.0	18.1	16.0	—	—	—	3.2	2.8	2.4	15.3	15.5	15.5	0.2	1.0	1.1	1.9
DCB Bank	ADD	177	210	18.5	55	0.8	308	8	11	13	13.8	32.2	20.5	22.2	16.8	14.0	—	—	—	2.2	2.0	1.8	10.9	12.0	12.9	—	0.6	0.7	5.9
Equitas Holdings	BUY	142	190	33.9	48	0.7	340	0.9	4.4	8.3	(80.4)	374.7	88.2	153.4	32.3	17.2	—	—	—	2.2	2.1	1.9	1.4	6.4	11.0	—	—	—	4.5
Federal Bank	BUY	85	130	53.2	168	2.4	1,972	4.5	5.8	7.8	(7.5)	29.5	34.9	19.0	14.7	10.9	—	—	—	1.5	1.4	1.2	8.0	9.0	11.2	1.2	1.3	1.8	17.7
HDFC Bank	REDUCE	2,121	1,900	(10.4)	5,524	80.4	2,595	67	77	93	18.7	14.7	20.0	31.5	27.4	22.9	—	—	—	5.3	4.0	3.5	17.9	16.6	16.2	0.6	0.7	0.8	75.1
ICICI Bank	BUY	271	400	47.5	1,744	25.4	6,429	11	15	25	(31.1)	46.5	64.1	25.7	17.6	10.7	—	—	—	2.1	1.8	1.6	6.6	9.1	13.7	0.6	1.1	1.9	91.8
IDFC Bank	NR	39	—	—	132	1.9	3,404	2.5	1.6	3.3	(16.0)	(38.5)	109.8	15.4	25.1	11.9	—	—	—	0.9	0.8	0.8	5.7	3.4	6.9	1.3	0.8	1.7	9.0
IndusInd Bank	REDUCE	1,958	1,800	(8.1)	1,176	17.1	600	60	73	88	25.3	20.7	21.6	32.6	27.0	22.2	—	—	—	5.1	4.1	3.6	17.1	18.1	17.1	—	0.4	0.5	29.2
J&K Bank	BUY	51	105	106.3	28	0.4	557	4	8	11	111.6	116.7	44.4	14.0	6.5	4.5	—	—	—	0.7	0.5	0.5	3.4	6.9	9.4	—	3.1	4.5	0.4
Karur Vysya Bank	ADD	102	120	17.3	75	1.1	727	5	4	14	(52.2)	(22.8)	274.8	21.5	27.9	7.4	—	—	—	1.5	1.4	1.2	6.1	4.2	14.7	0.6	0.9	3.4	1.8
Punjab National Bank	ADD	78	90	15.7	215	3.1	2,761	(44)	(39)	9	(814.7)	13.4	124.1	(1.7)	(2.0)	8.4	—	—	—	4.6	(3.5)	(13.3)	(32.4)	(31.3)	8.2	—	(10.7)	2.6	31.9
RBL Bank	SELL	579	450	(22.3)	244	3.5	420	15	20	25	27.3	32.9	21.8	38.3	28.8	23.6	—	—	—	3.7	3.4	3.1	11.5	12.0	13.2	0.4	0.5	0.6	9.7
State Bank of India	BUY	261	370	41.6	2,332	33.9	8,925	(7)	18	37	(155.8)	NM	106.1	NM	14.5	7.0	—	—	—	2.1	1.6	1.2	(3.2)	7.1	13.2	—	0.1	0.2	77.5
Ujivan Financial Services	REDUCE	385	420	9.1	47	0.7	121	1	22	29	(96.5)	3,564.0	30.0	637.7	17.4	13.4	—	—	—	2.8	2.4	2.0	0.4	14.2	16.1	0.0	0.6	0.8	7.4
Union Bank	ADD	81	130	59.7	95	1.4	1,169	(45)	1	24	(655.5)	101.4	3,896.2	(1.8)	133.0														

## 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)
		9-Jul-18	Target price (Rs)		(Rs bn)	(US\$ bn)		2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	
<b>NBFCs</b>																													
Bajaj Finance	REDUCE	2,348	1,850	(21.2)	1,357	19.7	575	46	63	82	38.5	34.9	30.0	50.5	37.4	28.8	—	—	—	8.2	6.8	5.7	20.5	19.9	21.5	0.2	0.3	0.3	41.7
Bajaj Finserv	ADD	6,122	5,900	(3.6)	974	14.2	159	174	206	266	13.5	18.7	28.8	35.2	29.7	23.0	—	—	—	4.8	3.9	3.3	15.3	14.5	15.6	0.2	0.2	0.2	14.0
Bharat Financial Inclusion	NA	1,180	—	—	165	2.4	139	33	43	54	55.5	31.1	27.2	36.1	27.5	21.7	—	—	—	5.5	4.5	3.6	16.7	17.9	18.5	—	—	—	10.6
Cholamandalam	REDUCE	1,500	1,510	0.6	235	3.4	156	62	76	92	35.5	22.3	20.8	24.1	19.7	16.3	—	—	—	4.8	4.0	3.3	20.6	21.0	21.2	0.4	0.6	0.7	7.1
HDFC	BUY	1,910	2,075	8.7	3,215	46.8	1,676	75	58	67	52.1	(23.1)	15.2	25.3	32.9	28.6	—	—	—	5.0	4.4	4.0	23.9	14.3	14.5	1.0	1.1	1.2	70.2
HDFC Standard Life Insurance	SELL	475	405	(14.7)	955	13.9	2,007	6	6	7	24.4	14.8	10.9	85.8	74.7	67.4	—	—	—	22.2	19.8	17.7	27.3	28.0	27.7	0.3	0.3	0.4	14.0
ICICI Lombard	SELL	702	600	(14.6)	319	4.6	454	19	26	30	22.0	36.4	17.0	37.0	27.1	23.2	—	—	—	7.0	5.9	5.0	20.8	23.7	23.5	0.6	0.9	1.1	1.9
ICICI Prudential Life	BUY	372	500	34.4	534	7.8	1,436	11	12	13	(3.7)	3.8	7.6	33.0	31.8	29.5	—	—	—	8.1	6.7	5.7	25.0	23.2	20.9	1.5	0.5	0.6	12.0
IIFL Holdings	SELL	670	625	(6.7)	214	3.1	319	29	34	41	32.4	17.3	21.4	23.4	20.0	16.5	—	—	—	4.2	3.6	3.1	19.0	19.3	20.0	0.9	1.1	1.3	1.6
L&T Finance Holdings	REDUCE	151	185	22.9	300	4.4	1,996	7	10	12	23.7	34.6	24.1	20.5	15.2	12.3	—	—	—	2.4	2.1	1.9	14.2	14.7	16.1	1.2	1.3	1.3	9.9
LIC Housing Finance	BUY	481	610	26.9	243	3.5	505	44	50	58	3.2	13.8	17.5	11.0	9.7	8.2	—	—	—	1.8	1.5	1.3	14.5	14.3	14.4	1.4	1.6	1.9	12.5
Magma Fincorp	BUY	162	200	23.3	44	0.6	237	10	12	15	1,014.5	24.6	25.8	16.7	13.4	10.6	—	—	—	1.7	1.6	1.4	10.2	12.9	14.1	0.5	1.1	1.4	3.1
Mahindra & Mahindra Financial	REDUCE	475	475	(0.0)	294	4.3	614	15	22	26	105.0	53.5	16.6	32.7	21.3	18.3	—	—	—	3.4	3.0	2.7	11.3	14.0	14.8	0.8	1.3	1.5	11.8
Max Financial Services	BUY	450	650	44.5	121	1.8	268	5	6	6	(20.4)	36.9	1.8	98.1	71.7	70.4	—	—	—	—	—	—	6.5	8.3	8.0	—	0.5	0.5	4.8
Muthoot Finance	ADD	409	480	17.5	163	2.4	400	43	38	40	45.6	(10.8)	4.0	9.5	10.6	10.2	—	—	—	2.1	1.8	1.6	24.1	18.4	16.9	2.4	2.2	2.2	4.5
PNB Housing Finance	REDUCE	1,168	1,375	17.7	196	2.8	167	50	61	77	57.8	23.0	25.3	23.5	19.1	15.2	—	—	—	3.1	2.8	2.5	14.0	15.2	16.8	0.8	0.3	0.3	9.9
SBI Life Insurance	ADD	665	815	22.6	665	9.7	1,000	12	15	18	20.8	26.0	22.9	57.7	45.8	37.2	—	—	—	10.3	8.7	7.3	19.4	20.6	21.3	0.3	0.3	0.4	5.5
Shriram City Union Finance	ADD	1,939	2,325	19.9	128	1.9	66	101	140	174	19.6	39.4	23.8	19.2	13.8	11.1	—	—	—	2.4	2.1	1.9	12.5	15.5	16.7	0.9	0.9	1.1	1.0
Shriram Transport	ADD	1,141	1,400	22.7	259	3.8	227	69	105	125	24.7	52.1	18.7	16.5	10.9	9.1	—	—	—	2.2	1.9	1.6	13.1	17.6	18.0	1.0	1.3	1.5	24.3
<b>NBFCs</b>	<b>Neutral</b>				<b>10,379</b>	<b>151</b>					<b>38.0</b>	<b>7.0</b>	<b>19.3</b>	<b>30.2</b>	<b>28.2</b>	<b>23.7</b>				<b>5.1</b>	<b>4.3</b>	<b>3.8</b>	<b>16.8</b>	<b>15.4</b>	<b>16.1</b>	<b>0.7</b>	<b>0.7</b>	<b>0.8</b>	<b>572.9</b>
<b>Cement</b>																													
ACC	SELL	1,376	1,205	(12.4)	258	3.8	188	49	54	66	32.7	10.6	23.0	28.3	25.6	20.8	14.9	13.9	11.2	2.8	2.6	2.4	10.1	10.5	11.9	1.2	1.2	1.2	10.7
Ambuja Cements	REDUCE	206	215	4.3	409	6.0	1,986	8	7	9	29.7	(1.3)	27.0	27.4	27.8	21.9	9.0	8.9	7.2	2.0	1.9	1.8	7.4	7.0	8.6	1.7	1.7	1.7	9.1
Dalmia Bharat	ADD	2,301	2,900	26.1	205	3.0	89	60	98	128	55.4	62.6	30.3	38.1	23.4	18.0	12.0	9.1	7.4	3.4	3.0	2.5	9.7	13.4	15.2	0.1	0.1	0.1	5.2
Grasim Industries	BUY	984	1,275	29.6	647	9.4	657	47	52	69	(30.1)	9.1	32.8	20.8	19.0	14.3	11.9	7.3	6.7	1.1	1.1	1.0	7.0	5.8	7.2	0.6	0.6	0.6	13.6
India Cements	REDUCE	110	135	22.2	34	0.5	308	3	5	9	(42.5)	56.2	84.4	33.8	21.6	11.7	9.5	8.1	6.4	0.7	0.6	0.6	2.0	3.0	5.3	0.9	0.9	0.9	6.6
J K Cement	REDUCE	849	1,000	17.7	59	0.9	70	43	51	83	25.1	17.0	65.0	19.6	16.8	10.2	10.2	10.9	8.8	3.0	2.6	2.1	16.2	16.7	23.2	0.9	0.9	0.9	0.6
JK Lakshmi Cement	ADD	346	425	22.8	41	0.6	118	4	18	33	(35.7)	311.2	79.6	77.4	18.8	10.5	14.0	8.5	6.0	2.8	2.5	2.0	3.7	14.1	21.5	0.6	0.6	0.6	0.5
Orient Cement	ADD	115	165	44.1	23	0.3	205	2	8	12	237.8	250.7	64.8	53.0	15.1	9.2	11.7	7.5	5.4	2.3	2.1	1.7	4.4	14.3	20.6	0.7	1.3	1.7	0.1
Shree Cement	SELL	16,589	12,700	(23.4)	578	8.4	35	397	486	662	3.4	22.3	36.2	41.8	34.1	25.1	22.4	16.9	13.2	6.5	5.6	4.6	16.7	17.6	20.2	0.3	0.3	0.3	4.6
UltraTech Cement	SELL	3,899	3,000	(23.1)	1,071	15.6	275	89	119	153	(7.0)	33.1	28.9	43.6	32.7	25.4	20.2	15.9	13.3	4.1	3.7	3.3	9.9	12.0	13.7	0.3	0.3	0.3	17.3
<b>Cement</b>	<b>Cautious</b>				<b>3,326</b>	<b>48</b>					<b>6.1</b>	<b>21.2</b>	<b>33.4</b>	<b>32.0</b>	<b>26.4</b>	<b>19.8</b>	<b>14.3</b>	<b>10.4</b>	<b>8.8</b>	<b>2.4</b>	<b>2.2</b>	<b>2.0</b>	<b>7.5</b>	<b>8.5</b>	<b>10.3</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>68.3</b>

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.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)
		9-Jul-18	(Rs)		(Rs bn)	(US\$ bn)		2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	
<b>Consumer products</b>																													
Asian Paints	REDUCE	1,363	1,100	(19.3)	1,307	19.0	959	21	24	28	2.9	18.7	14.7	66.4	55.9	48.8	40.6	34.9	30.4	15.5	13.7	12.3	24.6	26.1	26.6	0.6	0.8	1.0	17.0
Bajaj Corp.	ADD	425	520	22.3	63	0.9	148	14	17	19	(10.5)	18.7	10.5	30.1	25.3	22.9	23.8	20.4	17.4	12.7	12.3	11.7	42.3	49.4	52.4	2.8	3.1	3.3	0.4
Britannia Industries	ADD	6,383	6,000	(6.0)	766	11.1	120	84	104	126	13.5	24.4	21.5	76.3	61.3	50.5	50.5	39.6	32.6	22.5	17.8	14.4	32.9	32.4	31.6	0.4	0.5	0.7	9.1
Coffee Day Enterprises	REDUCE	260	340	30.9	55	0.8	211	3	8	13	49.1	149.7	59.4	77.7	31.1	19.5	13.3	—	—	2.3	2.1	1.9	3.1	7.2	10.4	—	—	—	1.2
Colgate-Palmolive (India)	ADD	1,150	1,300	13.0	313	4.6	272	24	27	32	15.2	14.6	16.9	48.4	42.2	36.1	27.7	24.3	20.8	20.5	20.7	17.6	46.2	48.8	52.6	2.1	1.4	1.7	7.7
Dabur India	REDUCE	375	350	(6.7)	662	9.6	1,762	8	9	10	7.2	16.1	11.7	48.3	41.6	37.2	40.8	35.4	31.0	11.6	11.6	10.2	25.9	27.9	29.1	2.0	1.0	1.2	8.5
GlaxoSmithKline Consumer	ADD	6,312	6,750	6.9	265	3.9	42	166	189	211	6.6	13.3	11.9	37.9	33.5	29.9	26.0	22.3	19.2	7.6	6.9	6.3	21.2	21.7	22.2	1.2	1.4	1.7	2.2
Godrej Consumer Products	REDUCE	1,256	1,020	(18.8)	856	12.4	681	21	25	28	11.5	17.6	13.3	58.8	50.0	44.1	41.7	35.5	30.9	13.7	11.9	10.3	25.2	25.4	24.9	0.6	0.7	0.8	8.7
Hindustan Unilever	REDUCE	1,692	1,430	(15.5)	3,662	53.3	2,160	25	28	32	25.0	14.9	13.0	69.0	60.0	53.2	49.5	41.8	36.7	51.7	46.3	40.5	78.1	81.4	81.3	1.2	1.2	1.4	27.9
ITC	ADD	274	315	14.8	3,348	48.7	12,275	9	10	11	7.8	7.8	12.4	30.8	28.5	25.4	20.1	18.4	16.2	6.6	6.2	5.8	19.4	20.3	22.2	1.9	2.1	2.4	40.6
Jubilant Foodworks	BUY	1,412	1,500	6.2	186	2.7	132	15	24	33	191.7	64.1	39.2	97.0	59.1	42.5	41.4	28.7	21.5	19.3	14.1	10.8	21.7	27.5	28.8	0.1	0.1	0.2	38.6
Jyothy Laboratories	ADD	227	220	(2.9)	82	1.2	364	4	6	6	35.1	25.4	17.2	51.4	41.0	35.0	31.5	26.0	22.5	7.2	6.2	5.4	14.3	16.3	16.6	0.2	0.4	0.7	1.5
Manpasand Beverages	SELL	159	132	(16.9)	18	0.3	114	9	11	13	37.6	21.3	26.5	18.2	15.0	11.9	9.4	6.3	5.1	1.5	1.3	1.2	8.3	9.3	10.7	0.3	0.3	0.3	3.3
Marico	ADD	348	345	(0.7)	449	6.5	1,291	6	7	8	7.4	16.7	13.7	55.5	47.5	41.8	39.1	32.9	28.6	17.6	16.3	15.1	33.2	35.7	37.5	1.2	1.4	1.6	8.1
Nestle India	ADD	9,899	9,500	(4.0)	954	13.9	96	127	168	191	21.1	32.5	13.4	77.9	58.8	51.9	42.8	33.3	29.3	27.9	25.7	23.6	36.6	45.5	47.3	0.9	1.2	1.3	8.9
Page Industries	SELL	29,489	21,000	(28.8)	329	4.8	11	311	392	482	32.5	26.1	22.9	94.8	75.1	61.2	60.4	47.8	39.3	38.8	30.3	24.2	45.9	45.3	44.0	0.4	0.6	0.7	7.5
Pidlite Industries	REDUCE	1,069	1,050	(1.8)	543	7.9	508	18	22	26	7.5	20.4	20.4	59.3	49.2	40.9	39.6	33.0	27.2	15.2	12.8	10.7	26.0	28.2	28.5	0.6	0.7	0.8	14.1
S H Kelkar and Company	BUY	217	315	44.9	31	0.5	145	7	8	11	2.1	11.8	28.4	29.4	26.3	20.5	20.4	17.1	13.3	3.7	3.3	3.0	12.8	13.3	15.3	0.8	0.8	0.9	0.3
Tata Global Beverages	REDUCE	275	285	3.5	174	2.5	631	7	10	11	20.7	29.4	19.1	37.5	28.9	24.3	19.8	16.7	14.4	2.5	2.3	2.2	7.0	8.3	9.4	0.9	1.1	1.3	13.8
Titan Company	SELL	822	800	(2.7)	730	10.6	888	13	16	20	43.3	26.7	20.6	64.3	50.7	42.1	44.0	33.6	26.9	14.3	12.1	10.1	24.3	25.8	26.2	0.5	0.5	0.7	36.8
United Breweries	SELL	1,175	1,000	(14.9)	311	4.5	264	15	19	24	71.6	29.7	23.4	78.7	60.7	49.2	34.7	28.9	25.0	11.6	9.9	8.5	15.7	17.6	18.6	0.2	0.2	0.3	9.7
United Spirits	SELL	641	560	(12.7)	466	6.8	727	8	11	14	39.1	40.5	27.4	84.3	60.0	47.1	48.3	35.6	29.5	18.6	12.7	9.3	24.9	25.1	22.8	—	—	0.3	19.2
Varun Beverages	ADD	750	750	-	137	2.0	183	12	17	22	377.8	45.4	29.8	65.1	44.8	34.5	19.8	16.0	13.7	7.7	6.6	5.7	12.1	16.0	17.7	—	—	0.1	1.2
<b>Consumer products</b>	<b>Cautious</b>				<b>15,709</b>	<b>229</b>					<b>15.0</b>	<b>16.4</b>	<b>15.2</b>	<b>51.9</b>	<b>44.6</b>	<b>38.7</b>	<b>33.8</b>	<b>28.7</b>	<b>24.8</b>	<b>12.7</b>	<b>11.5</b>	<b>10.3</b>	<b>24.5</b>	<b>25.8</b>	<b>26.6</b>	<b>1.1</b>	<b>1.2</b>	<b>1.4</b>	<b>286.3</b>
<b>Energy</b>																													
BPCL	REDUCE	376	390	3.6	816	11.9	1,967	40	39	41	(1.5)	(3.6)	5.3	9.3	9.7	9.2	7.6	7.1	6.6	2.2	1.9	1.8	24.8	21.1	20.0	5.6	4.1	4.3	38.7
Castrol India	ADD	164	215	31.5	162	2.4	989	7	8	9	3.3	13.6	10.9	23.8	20.9	18.9	14.9	13.1	11.8	15.9	15.0	14.7	67.9	73.6	78.6	2.9	3.7	4.3	4.1
GAIL (India)	BUY	347	410	18.0	783	11.4	2,255	20	25	27	21.8	23.2	8.3	17.0	13.8	12.8	10.7	8.9	8.2	1.9	1.8	1.7	11.7	13.5	13.5	2.1	2.4	2.6	20.5
GSPL	SELL	179	170	(4.9)	101	1.5	564	12	11	11	34.5	(7.0)	(4.6)	15.1	16.2	17.0	7.6	6.3	6.3	2.0	1.8	1.7	14.0	11.7	10.2	1.0	0.9	0.9	1.5
HPCL	REDUCE	273	320	17.3	416	6.0	1,524	42	32	33	(3.2)	(23.4)	3.4	6.5	8.5	8.3	5.7	7.5	7.6	1.7	1.6	1.4	28.7	19.3	18.2	6.2	4.8	4.9	32.3
Indraprastha Gas	SELL	266	240	(9.7)	186	2.7	700	10	12	13	19.0	16.5	12.0	25.8	22.1	19.8	16.2	14.1	12.4	5.3	4.6	4.0	22.4	22.2	21.5	0.8	0.9	1.2	10.2
IOCL	REDUCE	157	160	1.7	1,528	22.2	9,479	21	17	18	(24.8)	(17.9)	7.4	7.7	9.3	8.7	4.5	5.2	4.8	1.4	1.3	1.2	18.5	14.0	14.0	7.3	4.3	4.6	28.1
Mahanagar Gas	ADD	835	850	1.8	82	1.2	99	48	52	54	21.5	6.5	5.3	17.3	16.2	15.4	10.5	9.4	8.7	3.9	3.5	3.1	24.3	22.8	21.4	2.3	2.5	2.6	8.5
ONGC	ADD	157	200	27.1	2,020	29.4	12,833	17	21	21	3.1	19.6	(1.3)	9.0	7.6	7.7	4.9	3.8	3.7	0.9	0.8	0.8	9.9	11.5	10.7	4.2	4.4	4.4	17.4
Oil India	SELL	206	220	7.1	233	3.4	1,135	25	24	24	22.6	(1.3)	(0.7)	8.3	8.4	8.5	6.5	5.9	5.9	0.8	0.8	0.8	9.8	9.7	9.2	5.0	5.3	5.3	3.6
Petronet LNG	BUY	218	280	28.4	327	4.8	1,500	14	16	18	22.1	17.3	13.2	15.7	13.4	11.8	10.4	9.0	7.6	3.4	2.9	2.6	23.3	23.4	23.3	2.1	2.6	3.4	11.6
Reliance Industries	REDUCE	997	930	(6.7)	5,901	85.8	5,922	59	68	77	16.9	14.9	13.9	16.9	14.7	12.9	12.9	10.4	8.7	2.0	1.8	1.6	11.6	11.9	12.1	0.6	0.6	0.7	102.5
<b>Energy</b>	<b>Attractive</b>				<b>12,555</b>	<b>183</b>					<b>1.0</b>	<b>5.8</b>	<b>7.3</b>	<b>12.2</b>	<b>11.5</b>	<b>10.7</b>	<b>8.1</b>	<b>7.2</b>	<b>6.5</b>	<b>1.6</b>	<b>1.5</b>	<b>1.4</b>	<b>13.3</b>	<b>12.8</b>	<b>12.6</b>	<b>2.7</b>	<b>2.3</b>	<b>2.4</b>	<b>279.0</b>

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)			EVEBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)
		9-Jul-18	Target price (Rs)		(Rs bn)	(US\$ bn)		2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	
<b>Industrials</b>																													
ABB	SELL	1,201	1,100	(8.4)	255	3.7	212	20	26	34	12.1	31.2	31.7	60.6	46.2	35.1	33.4	28.4	21.6	7.1	6.5	5.7	12.2	14.6	17.3	0.3	0.7	0.7	1.5
BHEL	SELL	70	81	15.5	257	3.7	3,671	2.2	2.6	5.4	62.7	19.4	106.9	31.9	26.7	12.9	7.5	6.9	3.5	0.8	0.8	0.8	2.5	3.0	6.1	2.6	3.1	6.4	8.9
Carborundum Universal	SELL	329	310	(5.7)	62	0.9	189	11	14	17	22.8	25.4	20.2	28.8	23.0	19.1	15.6	11.5	9.9	4.0	3.6	3.2	14.6	16.4	17.6	0.7	1.3	1.6	0.3
CG Power and Industrial	BUY	60	65	8.3	38	0.5	627	0.8	3.1	4.3	(72.2)	275.7	40.5	73.5	19.6	13.9	10.9	8.2	6.7	1.4	1.5	1.4	1.5	7.3	10.4	—	—	—	6.1
Crompton Greaves Consumer	SELL	227	210	(7.5)	142	2.1	627	5.2	6.2	7.5	13.3	20.0	20.9	43.9	36.6	30.3	27.0	22.8	19.2	18.0	12.5	9.6	49.5	40.5	35.9	0.7	0.9	1.1	3.0
Cummins India	REDUCE	655	680	3.8	182	2.6	277	24	28	32	(7.8)	16.1	13.9	27.0	23.3	20.4	23.8	20.4	16.9	4.6	4.3	4.0	17.4	18.9	20.1	2.3	2.2	2.6	4.5
Havells India	SELL	553	460	(16.9)	346	5.0	625	11	14	17	16.6	26.2	19.6	50.0	39.6	33.1	31.7	25.2	20.6	9.3	8.2	7.1	19.8	21.9	23.0	0.6	0.9	1.1	10.0
Kalpataru Power Transmission	BUY	399	530	32.9	61	0.9	153	19	24	34	36.5	24.3	39.8	20.6	16.6	11.8	8.6	7.2	5.7	2.3	2.1	1.8	11.7	13.1	16.1	0.6	0.6	0.6	0.6
KEC International	BUY	340	430	26.5	87	1.3	257	18	22	29	51.1	22.0	34.4	19.0	15.6	11.6	10.2	8.5	6.7	4.4	3.5	2.8	25.7	25.2	27.1	0.7	0.9	1.2	3.4
L&T	BUY	1,287	1,560	21.3	1,803	26.2	1,401	52	62	76	22.4	19.4	23.0	24.9	20.8	16.9	20.6	17.0	15.0	3.6	3.3	2.9	15.0	16.5	18.2	1.2	1.7	2.1	41.0
Siemens	SELL	990	975	(1.5)	353	5.1	356	24	30	37	22.5	23.0	23.2	40.9	33.3	27.0	23.2	18.5	14.8	4.3	4.1	3.8	10.9	12.6	14.5	1.0	1.2	1.5	3.5
Thermax	REDUCE	1,020	1,065	4.4	122	1.8	113	21	30	42	(3.6)	44.2	42.8	49.5	34.3	24.0	30.1	21.3	15.1	4.2	3.9	3.5	8.8	11.8	15.3	0.6	0.8	0.9	0.8
Voltas	SELL	535	525	(1.8)	177	2.6	331	17	19	22	12.6	8.3	15.6	30.9	28.5	24.7	25.7	21.8	18.1	4.5	4.1	3.6	15.9	15.0	15.5	0.7	0.8	0.9	14.4
<b>Industrials</b>	<b>Neutral</b>				<b>3,884</b>		<b>57</b>				<b>19.8</b>	<b>21.6</b>	<b>28.9</b>	<b>30.2</b>	<b>24.9</b>	<b>19.3</b>	<b>19.9</b>	<b>16.5</b>	<b>13.6</b>	<b>3.3</b>	<b>3.1</b>	<b>2.8</b>	<b>10.8</b>	<b>12.3</b>	<b>14.6</b>	<b>1.1</b>	<b>1.5</b>	<b>2.0</b>	<b>98.1</b>
<b>Infrastructure</b>																													
Adani Ports and SEZ	BUY	367	470	28.1	760	11.1	2,071	20	20	23	6.1	(0.2)	14.7	18.3	18.3	16.0	13.1	12.7	11.1	3.6	3.1	2.7	21.5	18.1	17.9	0.6	0.7	0.8	26.0
Ashoka Buildcon	BUY	239	310	29.8	45	0.7	188	13	13	13	34.6	0.5	5.2	18.9	18.8	17.9	15.2	12.8	11.3	2.3	2.0	1.8	13.0	11.4	10.7	0.7	1.0	0.7	1.0
Container Corp.	SELL	669	635	(5.1)	326	4.7	487	18	21	26	7.3	20.0	21.4	37.9	31.5	26.0	25.1	19.5	15.4	3.5	3.2	3.0	9.4	10.6	11.9	2.6	1.3	1.6	8.7
Dilip Buildcon	BUY	722	1,220	68.9	99	1.4	137	46	54	69	76.5	16.1	28.0	15.5	13.4	10.5	8.9	6.4	5.3	4.0	3.1	2.4	29.5	25.9	25.4	—	—	—	8.4
Gateway Distriparks	BUY	163	250	53.0	18	0.3	109	8	8	9	12.1	(1.2)	17.5	21.4	21.6	18.4	20.3	10.3	8.6	1.8	3.4	3.1	8.2	10.8	17.6	4.3	—	1.8	0.8
Gujarat Pipavav Port	BUY	121	170	40.4	59	0.9	483	4.1	5.9	7.2	(20.6)	43.7	22.5	29.5	20.5	16.8	14.5	12.0	9.5	2.9	2.8	2.8	9.8	14.0	16.8	2.8	4.0	4.9	0.8
IRB Infrastructure	BUY	212	330	55.4	75	1.1	351	23	31	33	10.8	36.8	7.1	9.4	6.9	6.4	7.2	6.8	7.2	1.3	1.1	1.0	14.5	17.6	16.3	1.1	1.4	1.9	11.5
Mahindra Logistics	BUY	610	540	(11.5)	43	0.6	71	10	14	18	16.2	42.8	31.2	62.2	43.6	33.2	35.9	24.1	18.3	10.3	8.6	7.1	18.2	21.6	23.5	—	—	—	0.8
Sadbhav Engineering	BUY	280	440	57.1	48	0.7	172	13	18	18	17.4	38.4	2.2	21.8	15.7	15.4	15.1	12.1	9.3	2.6	2.2	2.0	12.5	15.2	13.7	—	—	—	0.8
<b>Infrastructure</b>	<b>Attractive</b>				<b>1,472</b>		<b>21</b>				<b>10.9</b>	<b>10.5</b>	<b>15.5</b>	<b>20.3</b>	<b>18.4</b>	<b>15.9</b>	<b>13.0</b>	<b>11.5</b>	<b>10.0</b>	<b>3.2</b>	<b>2.8</b>	<b>2.5</b>	<b>15.8</b>	<b>15.4</b>	<b>15.5</b>	<b>1.1</b>	<b>0.9</b>	<b>1.1</b>	<b>58.8</b>
<b>Internet</b>																													
Info Edge	BUY	1,250	1,390	11.2	152	2.2	122	23	26	32	33.3	13.9	25.9	55.5	48.8	38.8	46.0	36.3	27.7	7.2	5.8	5.3	13.4	13.2	14.3	0.4	0.6	0.6	1.5
Just Dial	BUY	592	550	(7.2)	40	0.6	67	21	25	28	21.7	16.7	12.9	27.9	23.9	21.2	16.9	14.2	11.9	4.1	3.5	3.1	15.2	15.9	15.6	—	0.4	0.5	45.4
<b>Internet</b>	<b>Cautious</b>				<b>192</b>		<b>3</b>				<b>28.0</b>	<b>14.8</b>	<b>21.4</b>	<b>46.1</b>	<b>40.2</b>	<b>33.1</b>	<b>35.7</b>	<b>28.9</b>	<b>23.0</b>	<b>6.2</b>	<b>5.1</b>	<b>4.6</b>	<b>13.5</b>	<b>12.8</b>	<b>13.9</b>	<b>0.3</b>	<b>0.6</b>	<b>0.6</b>	<b>46.9</b>
<b>Media</b>																													
DB Corp.	REDUCE	278	295	6.2	51	0.7	184	18	20	24	(14.1)	13.2	18.8	15.8	13.9	11.7	8.4	7.4	6.2	3.1	2.9	2.8	19.9	21.5	24.5	4.7	5.8	7.2	0.5
DishTV	ADD	73	84	14.7	135	2.0	1,925	(0.4)	1.7	3.0	(143.0)	482.0	76.2	NM	43.5	24.7	11.9	6.5	5.3	2.1	2.0	1.8	(2.3)	4.7	7.8	—	—	—	10.2
Jagran Prakashan	REDUCE	135	168	24.4	42	0.6	311	10	12	14	(6.0)	21.7	15.3	13.5	11.1	9.6	6.1	5.5	4.8	2.1	2.1	2.0	14.8	18.1	20.9	2.2	3.7	6.7	0.8
PVR	REDUCE	1,375	1,425	3.6	64	0.9	47	27	38	50	25.5	39.8	33.2	51.2	36.6	27.5	17.1	14.2	11.7	6.0	5.2	4.5	12.3	15.2	17.5	0.1	0.3	0.4	6.0
Sun TV Network	REDUCE	813	925	13.8	320	4.7	394	29	35	39	10.2	20.7	10.9	28.2	23.4	21.1	18.9	15.9	13.8	6.9	6.2	5.6	26.3	28.1	27.9	1.2	2.2	2.5	22.4
Zee Entertainment Enterprises	ADD	541	625	15.6	519	7.6	960	15	17	20	7.8	13.8	16.8	36.0	31.6	27.1	23.4	20.1	17.0	6.9	6.0	5.3	20.3	20.3	20.9	0.5	0.8	1.0	14.9
<b>Media</b>	<b>Attractive</b>				<b>1,132</b>		<b>16</b>				<b>(1.5)</b>	<b>30.3</b>	<b>20.1</b>	<b>34.8</b>	<b>26.7</b>	<b>22.2</b>	<b>16.8</b>	<b>12.9</b>	<b>11.0</b>	<b>4.8</b>	<b>4.4</b>	<b>4.0</b>	<b>13.7</b>	<b>16.5</b>	<b>17.9</b>	<b>0.9</b>	<b>1.4</b>	<b>1.7</b>	<b>54.8</b>

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)			EVEBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)
		9-Jul-18	Target price (Rs)		(Rs bn)	(US\$ bn)		2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	
<b>Metals &amp; Mining</b>																													
Coal India	ADD	271	326	20.2	1,683	24.5	6,207	11	27	28	(24.2)	138.2	3.0	24.0	10.1	9.8	17.8	6.4	6.1	7.0	6.4	6.6	26.7	66.1	66.4	6.1	7.4	9.2	13.3
Hindalco Industries	BUY	222	315	41.9	499	7.3	2,229	22	27	31	155.4	23.5	14.3	10.2	8.2	7.2	6.4	5.4	4.7	0.9	0.8	0.7	9.7	10.4	10.8	0.5	0.5	0.5	40.5
Hindustan Zinc	REDUCE	280	325	16.3	1,181	17.2	4,225	22	24	28	9.3	13.6	13.8	13.0	11.4	10.1	8.0	6.5	5.4	3.3	2.8	2.4	27.2	26.4	25.6	2.9	2.9	3.0	8.9
Jindal Steel and Power	REDUCE	221	255	15.3	214	3.1	968	(8)	8	18	59.3	194.2	129.1	(26.1)	27.7	12.1	9.8	7.0	6.0	0.7	0.7	0.7	(2.7)	2.6	5.7	—	—	—	27.9
JSW Steel	ADD	313	345	10.3	756	11.0	2,417	27	27	25	83.9	(0.7)	(5.7)	11.7	11.8	12.5	7.7	7.1	7.6	2.6	2.2	1.9	24.8	20.4	16.5	1.1	1.1	1.1	19.4
National Aluminium Co.	ADD	62	85	37.4	120	1.7	1,933	4	7	7	12.7	63.0	11.1	15.0	9.2	8.3	6.1	4.0	3.7	1.1	1.1	1.1	7.7	12.4	13.6	9.2	8.9	8.9	13.3
NMDC	REDUCE	104	125	20.7	328	4.8	3,164	12	10	10	43.3	(16.5)	3.6	8.8	10.6	10.2	4.8	6.5	6.2	1.3	1.3	1.2	15.8	12.5	12.4	5.3	5.3	5.3	4.0
Tata Steel	ADD	557	700	25.7	637	9.3	1,205	67	69	82	62.6	3.1	18.4	8.3	8	6.8	6.2	6.1	6.2	1.1	1.0	0.9	17.2	13.1	13.9	1.7	1.8	1.8	67.6
Vedanta	BUY	227	415	83.1	842	12.3	3,717	22	37	43	9.6	71.9	16.9	10.5	6.1	5.2	5.7	4.2	3.5	1.3	1.2	1.1	12.9	20.6	21.4	3.5	4.9	5.7	58.2
<b>Metals &amp; Mining</b>	<b>Attractive</b>				<b>6,260</b>	<b>91</b>					<b>32.3</b>	<b>41.4</b>	<b>11.3</b>	<b>13.2</b>	<b>9.4</b>	<b>8.4</b>	<b>7.5</b>	<b>5.8</b>	<b>5.4</b>	<b>1.9</b>	<b>1.7</b>	<b>1.5</b>	<b>14.3</b>	<b>18.0</b>	<b>18.4</b>	<b>3.5</b>	<b>4.0</b>	<b>4.6</b>	<b>253.2</b>
<b>Pharmaceutical</b>																													
Apollo Hospitals	ADD	1,000	1,090	9.0	139	2.0	139	8	19	26	(46.9)	124.3	38.0	118.5	52.8	38.3	21.5	18.3	15.4	4.3	4.0	3.8	3.4	7.9	10.2	0.2	0.5	0.7	6.6
Aurobindo Pharma	ADD	623	640	2.7	365	5.3	584	42	43	46	6.0	2.3	7.9	14.9	14.6	13.5	10.4	10.0	9.0	3.1	2.6	2.2	23.2	19.5	16.6	0.7	0.8	1.0	21.0
Biocon	SELL	638	300	(53.0)	383	5.6	601	6	8	15	(39.2)	27.1	84.9	102.9	81.0	43.8	46.2	34.0	22.3	6.8	6.4	5.7	6.9	8.1	13.7	0.3	0.4	0.8	23.6
Cipla	BUY	623	650	4.4	502	7.3	805	18	26	34	40.2	48.7	30.8	35.6	23.9	18.3	18.5	13.5	10.8	3.4	3.1	2.7	10.2	13.6	15.9	0.6	0.9	1.1	24.0
Dr Lal Pathlabs	REDUCE	909	865	(4.8)	76	1.1	83	20	25	29	7.0	20.8	18.5	44.4	36.8	31.0	26.9	22.6	18.9	9.6	8.0	6.7	23.5	23.7	23.4	0.5	0.5	0.6	1.3
Dr Reddy's Laboratories	REDUCE	2,330	2,250	(3.4)	387	5.6	166	59	100	134	(18.5)	69.8	33.3	39.5	23.2	17.4	18.2	11.6	8.6	3.1	2.8	2.4	7.8	12.5	13.9	1.0	0.7	0.9	30.0
HCG	REDUCE	287	305	6.2	25	0.4	85	2	3	5	(40.0)	120.9	57.3	183.6	83.1	52.8	24.1	18.8	16.0	4.7	4.5	4.1	2.8	5.5	8.1	—	—	—	0.2
Laurus Labs	ADD	476	540	13.4	51	0.7	106	16	22	34	(11.9)	37.3	54.4	30.0	21.9	14.2	14.6	11.9	8.7	3.4	2.9	2.4	11.9	14.4	18.8	—	—	—	0.9
Lupin	REDUCE	912	800	(12.2)	412	6.0	450	38	35	45	(32.9)	(7.7)	28.6	23.9	25.9	20.1	14.6	13.0	10.7	3.0	2.7	2.5	12.6	11.1	12.9	0.5	0.6	0.7	31.9
Narayana Hrudayalaya	ADD	245	275	12.1	50	0.7	204	3	4	7	(38.1)	52.2	76.9	97.5	64.1	36.2	26.9	20.3	14.9	4.8	4.5	4.0	5.1	7.3	11.7	—	—	—	0.4
Sun Pharmaceuticals	REDUCE	569	500	(12.1)	1,365	19.9	2,406	15	17	24	(47.5)	12.0	42.0	37.5	33.5	23.6	22.2	18.2	13.4	3.6	3.3	2.9	9.8	10.2	13.1	0.4	0.6	0.8	51.7
Torrent Pharmaceuticals	NR	1,446	—	—	245	3.6	169	40	46	61	(27.4)	15.1	32.9	36.1	31.4	23.6	20.2	14.4	12.0	5.3	4.7	4.1	15.1	14.9	17.2	1.1	0.7	1.0	5.3
<b>Pharmaceuticals</b>	<b>Neutral</b>				<b>3,998</b>	<b>58</b>					<b>(27.6)</b>	<b>18.9</b>	<b>32.6</b>	<b>34.0</b>	<b>28.6</b>	<b>21.5</b>	<b>18.8</b>	<b>15.2</b>	<b>11.9</b>	<b>3.7</b>	<b>3.3</b>	<b>3.0</b>	<b>10.9</b>	<b>11.7</b>	<b>13.7</b>	<b>0.5</b>	<b>0.6</b>	<b>0.9</b>	<b>196.9</b>
<b>Real Estate</b>																													
Brigade Enterprises	BUY	206	340	64.8	28	0.4	136	11	9	9	(17.7)	(15.1)	(1.6)	18.6	21.9	22.3	11.2	11.4	11.2	1.2	1.2	1.1	7.6	5.5	5.2	1.2	1.2	1.2	0.4
DLF	RS	187	—	—	334	4.9	1,784	19.6	6.5	3.9	403.9	(66.9)	(39.6)	9.6	28.9	47.8	28.5	12.4	12.3	0.9	0.9	0.9	11.7	3.2	1.9	1.1	1.1	1.1	17.9
Godrej Properties	SELL	708	400	(43.5)	162	2.4	216	11.6	16.8	19.2	21.9	43.9	14.9	60.8	42.3	36.8	152.2	108.3	76.9	6.8	5.9	5.1	11.8	14.9	14.7	—	—	—	2.7
Oberoi Realty	BUY	473	560	18.3	172	2.5	340	13	62	44	14.0	385.4	(28.1)	37.2	7.7	10.7	27.9	10.6	13.3	2.6	1.7	1.5	7.3	27.4	15.2	0.4	0.4	0.4	3.4
Prestige Estates Projects	ADD	276	315	14.1	104	1.5	375	13	10	10	24.3	(24.2)	8.4	22.0	29.0	26.8	15.1	15.6	15.7	2.2	2.1	1.9	10.3	7.3	7.5	0.5	0.5	0.5	1.0
Sobha	REDUCE	491	510	3.9	47	0.7	95	22	20	23	30.9	(7.5)	14.8	22.5	24.3	21.2	13.4	13.7	12.8	1.7	1.6	1.5	7.6	6.8	7.4	1.4	1.4	1.4	2.1
Sunteck Realty	REDUCE	381	330	(13.3)	56	0.8	140	15	18	20	4.8	20.2	6.9	24.9	20.7	19.4	16.1	17.7	16.4	2.0	1.9	1.7	9.7	9.4	9.2	0.3	0.3	0.3	1.8
<b>Real Estate</b>	<b>Neutral</b>				<b>902</b>	<b>13</b>					<b>140.1</b>	<b>(12.6)</b>	<b>(20.2)</b>	<b>17.3</b>	<b>19.8</b>	<b>24.8</b>	<b>24.1</b>	<b>14.6</b>	<b>15.0</b>	<b>1.6</b>	<b>1.5</b>	<b>1.4</b>	<b>9.3</b>	<b>7.5</b>	<b>5.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>29.4</b>

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.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EVEBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo
		9-Jul-18	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	(US\$ mn)
<b>Technology</b>																													
HCL Technologies	REDUCE	962	1,010	5.0	1,339	19.5	1,409	62	68	71	5.3	9.0	5.0	15.4	14.2	13.5	10.9	9.1	8.4	3.7	3.1	2.8	24.8	23.8	21.9	0.9	3.0	3.2	32.7
Hexaware Technologies	SELL	512	420	(18.0)	152	2.2	304	16	20	22	19.8	20.5	12.5	31.2	25.9	23.0	22.4	18.8	16.1	7.8	6.7	5.8	26.6	27.8	27.0	0.8	1.6	1.6	11.9
Infosys	ADD	1,299	1,350	3.9	2,837	41.3	2,175	65	70	76	3.0	8.1	9.5	20.1	18.6	17.0	13.9	12.7	11.4	4.4	4.1	3.8	21.8	22.7	23.1	2.1	3.3	3.0	78.8
L&T Infotech	ADD	1,684	1,650	(2.0)	290	4.2	175	64	73	84	13.9	14.5	15.7	26.5	23.1	20.0	23.1	17.3	14.5	7.6	6.4	5.3	31.8	30.0	29.0	1.0	1.4	1.5	4.4
Mindtree	ADD	1,012	1,015	0.3	166	2.4	165	35	43	52	37.8	23.2	23.2	29.3	23.8	19.3	21.3	14.9	12.1	6.1	5.2	4.5	21.4	23.6	24.9	1.1	1.3	1.6	30.3
Mphasis	SELL	1,118	760	(32.0)	216	3.1	193	44	52	56	14.4	18.3	8.2	25.5	21.5	19.9	18.4	14.9	13.3	3.9	3.6	3.3	14.6	17.4	17.1	1.8	1.8	1.8	11.5
TCS	REDUCE	1,888	1,650	(12.6)	7,227	105.1	3,829	67	78	84	1.1	15.0	8.8	28.0	24.3	22.4	20.8	17.7	16.1	8.3	7.7	7.1	29.4	32.7	33.1	1.3	2.7	2.9	109.4
Tech Mahindra	ADD	644	775	20.4	568	8.3	891	43	45	53	33.1	6.6	15.8	15.1	14.2	12.2	11.0	8.5	7.0	3.0	2.6	2.2	21.5	19.9	19.7	2.2	1.4	1.6	35.4
Wipro	REDUCE	265	295	11.3	1,199	17.4	4,507	17	19	21	(3.1)	11.1	13.7	15.6	14.1	12.4	9.8	8.3	7.2	2.5	2.1	2.0	16.0	16.3	16.6	0.4	0.6	3.8	11.7
<b>Technology</b>	<b>Cautious</b>				<b>13,994</b>	<b>204</b>					<b>1.6</b>	<b>9.9</b>	<b>9.8</b>	<b>21.9</b>	<b>19.9</b>	<b>18.1</b>	<b>15.8</b>	<b>13.6</b>	<b>12.2</b>	<b>5.2</b>	<b>4.7</b>	<b>4.3</b>	<b>23.7</b>	<b>23.5</b>	<b>23.5</b>	<b>1.4</b>	<b>2.5</b>	<b>2.9</b>	<b>326.1</b>
<b>Telecom</b>																													
Bharti Airtel	ADD	362	470	29.8	1,447	21.1	3,997	5	(4)	0	(42.9)	(187.4)	104.6	76.5	(87.5)	1,916.4	8.1	9.2	7.4	2.1	2.2	2.2	2.8	(2.4)	0.1	1.5	0.3	0.0	36.6
Bharti Infratel	REDUCE	302	285	(5.6)	558	8.1	1,850	14	13	11	(7.4)	(8.7)	(9.0)	21.9	24.0	26.4	8.0	8.7	9.2	3.3	3.5	3.5	15.7	14.0	13.1	4.8	3.3	3.1	14.9
IDEA	REDUCE	55	75	37.4	238	3.5	4,359	(10)	(15)	(14)	(656.8)	(54.9)	6.4	(5.7)	(3.7)	(3.9)	12.3	22.5	16.7	0.9	1.1	1.6	(16.0)	(26.9)	(34.0)	—	—	—	16.9
Tata Communications	ADD	602	725	20.4	172	2.5	285	2	4	8	(84.3)	121.9	117.7	366	164.8	75.7	10.9	9.8	8.6	34.4	27.7	20.0	4.5	18.6	30.7	1.1	1.1	1.2	4.6
<b>Telecom</b>	<b>Cautious</b>				<b>2,415</b>	<b>35</b>					<b>(94.7)</b>	<b>(1,906.6)</b>	<b>36.2</b>	<b>768.0</b>	<b>(42.5)</b>	<b>(66.6)</b>	<b>8.8</b>	<b>10.3</b>	<b>8.6</b>	<b>2.1</b>	<b>2.3</b>	<b>2.5</b>	<b>0.3</b>	<b>(5.5)</b>	<b>(3.7)</b>	<b>2.0</b>	<b>0.9</b>	<b>0.7</b>	<b>72.9</b>
<b>Utilities</b>																													
CESC	ADD	929	1,180	27.0	123	1.8	133	87	102	118	67.1	16.8	15.5	10.7	9.1	7.9	7.7	5.6	4.9	0.8	0.8	0.7	7.9	8.8	9.4	1.3	1.1	1.1	6.1
JSW Energy	REDUCE	68	80	17.5	112	1.6	1,640	3.1	5.9	8.2	(19.2)	92.2	38.7	22.2	11.6	8.3	7.0	5.5	4.5	1.0	1.0	0.9	4.7	8.5	11.0	2.9	2.9	2.9	2.0
NHPC	ADD	24	30	24.7	247	3.6	10,260	2.4	3.1	3.2	(17.3)	26.9	1.8	9.9	7.8	7.6	9.1	7.2	7.0	0.8	0.8	0.8	8.5	10.4	10.2	5.8	7.2	7.3	2.1
NTPC	BUY	151	190	25.6	1,247	18.1	8,245	11	15	16	(7.6)	30.9	4.4	13.3	10.1	9.7	10.9	8.5	7.8	1.2	1.1	1.1	9.5	11.6	11.3	3.7	3.0	3.1	13.7
Power Grid	BUY	185	250	35.5	965	14.0	5,232	16	19	21	9.6	19.3	13.6	11.7	9.8	8.6	8.4	7.1	6.6	1.8	1.6	1.4	15.8	17.1	17.5	2.8	3.4	3.9	30.4
Reliance Power	SELL	32	43	34.8	89	1.3	2,805	3.5	5.1	5.2	(16.4)	45.6	2.7	9.2	6.3	6.1	7.8	6.7	6.5	0.4	0.4	0.4	4.5	6.1	5.9	—	—	—	4.3
Tata Power	ADD	73	97	32.5	198	2.9	2,705	5.3	7.8	8.7	(9.6)	46.1	11.2	13.7	9.4	8.4	10.3	9.5	8.6	1.3	1.1	1.0	10.7	12.9	12.7	—	—	—	5.8
<b>Utilities</b>	<b>Attractive</b>				<b>2,981</b>	<b>43</b>					<b>(2.4)</b>	<b>28.6</b>	<b>9.0</b>	<b>12.3</b>	<b>9.6</b>	<b>8.8</b>	<b>9.3</b>	<b>7.6</b>	<b>7.0</b>	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>	<b>9.7</b>	<b>11.5</b>	<b>11.6</b>	<b>3.1</b>	<b>3.1</b>	<b>3.3</b>	<b>64.3</b>

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.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EVEBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo	
		9-Jul-18	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	(US\$ mn)	
<b>Others</b>																														
Astral Poly Technik	SELL	1,000	625	(37.5)	120	1.7	120	15	19	23	20.8	28.0	23.0	68.2	53.3	43.3	38.3	29.8	24.2	11.8	9.7	8.0	18.8	20.0	20.3	0.1	0.1	0.1	1.2	
Avenue Supermarts	SELL	1,564	860	(45.0)	976	14.2	624	13	16	20	47.9	28.6	26.4	124.4	96.8	76.5	72.9	55.8	43.8	21.0	17.3	14.1	18.5	19.6	20.3	—	—	—	—	
Bayer Cropscience	REDUCE	4,570	4,000	(12.5)	181	2.6	34	86	105	124	4.4	22.7	17.5	53.2	43.4	36.9	43.1	33.7	27.0	8.8	7.6	6.6	15.4	18.8	19.2	0.4	0.5	0.5	0.5	
Dhanuka Agritech	ADD	553	690	24.8	27	0.4	49	26	28	32	7.7	8.9	15.4	21.5	19.7	17.1	15.7	13.6	11.3	4.3	3.7	3.2	21.9	20.1	20.0	1.0	1.1	1.3	0.1	
Godrej Agrovet	ADD	615	650	5.8	118	1.7	189	12	16	20	6.9	39.8	24.6	53.4	38.2	30.7	27.5	21.2	17.1	6.9	6.0	5.1	14.7	16.9	17.9	0.3	0.4	0.5	2.4	
Godrej Industries	RS	595	—	—	200	2.9	336	15	16	20	6.8	8.9	24.2	40.8	37.5	30.2	36.5	30.9	33.6	5.5	4.9	4.3	14.4	13.9	15.1	0.3	0.3	0.3	4.9	
InterGlobe Aviation	BUY	1,084	1,430	31.9	417	6.1	383	59	71	98	27.2	21.8	37.5	18.5	15.2	11.1	10.5	8.5	5.8	5.9	4.4	3.3	41.3	33.0	33.8	0.6	0.7	0.9	26.2	
Kaveri Seed	SELL	555	470	(15.3)	37	0.5	66	32	31	33	18.4	(3.7)	6.1	17.4	18.0	17.0	14.7	15.1	13.6	4.7	4.0	3.5	23.6	24.0	21.9	1.1	1.4	1.8	5.0	
PI Industries	BUY	782	900	15.1	108	1.6	138	27	33	41	(20.0)	25.0	23.2	29.4	23.5	19.1	21.7	17.1	13.6	5.6	4.7	3.9	20.7	21.7	22.1	0.4	0.5	0.6	1.7	
Rallis India	ADD	184	235	27.4	36	0.5	195	9	11	13	(1.5)	26.4	19.7	21.4	16.9	14.1	13.6	11.2	9.5	3.0	2.7	2.4	14.6	16.9	18.1	1.8	2.0	2.2	0.8	
SIS	REDUCE	1,176	1,250	6.3	86	1.3	73	23	36	43	44.0	58.5	20.6	52.1	32.9	27.3	28.0	21.2	17.5	8.3	7.0	5.8	20.2	23.4	23.3	0.3	0.5	0.6	0.6	
SRF	BUY	1,727	2,110	22.2	99	1.4	57	80	92	123	(10.4)	14.4	33.6	21.5	18.8	14.1	13.1	10.4	8.4	2.8	2.5	2.2	13.7	14.0	16.4	0.7	0.8	0.8	10.0	
Tata Chemicals	ADD	712	760	6.7	181	2.6	255	51	46	52	6.5	(11.2)	13.6	13.8	15.6	13.7	7.7	6.5	5.5	1.6	1.5	1.4	13.8	10.0	10.5	3.1	2.1	2.4	9.0	
TeamLease Services	SELL	2,900	1,750	(39.7)	50	0.7	17	43	59	75	28.0	37.4	27.2	67.3	49.0	38.5	70.1	49.7	38.5	11.2	9.1	7.4	18.2	20.6	21.2	—	—	—	2.4	
UPL	ADD	624	850	36.3	318	4.6	507	43	73	82	20.9	71.2	11.9	14.5	8.5	7.6	10.1	8.8	7.4	3.4	2.9	2.4	26.4	23.6	22.4	1.3	1.5	1.7	13.8	
Vardhman Textiles	ADD	1,220	1,400	14.8	70	1.0	56	103	130	140	(8.0)	26.4	7.4	11.8	9.4	8.7	9.9	7.4	6.6	1.4	1.3	1.1	12.7	14.3	13.8	1.2	1.6	2.5	1.0	
Whirlpool	SELL	1,531	1,240	(19.0)	194	2.8	127	28	37	45	13.0	33.9	22.5	55.4	41.4	33.8	32.7	25.2	20.3	10.8	9.0	7.5	21.4	23.7	24.1	0.3	0.4	0.6	1.0	
<b>Others</b>					3,217	47					15.0	15.9	22.8	31.5	27.2	22.1	20.3	16.7	13.6	5.7	4.8	4.1	18.1	17.8	18.6	0.5	0.6	0.7	80.5	
<b>KIE universe</b>					107,787	1,568						(6.2)	29.7	25.1	26.7	20.6	16.5	12.4	10.5	9.3	2.9	2.7	2.4	11.0	12.9	14.6	1.3	1.5	1.7	
<b>KIE universe (ex-energy)</b>					95,232	1,385						(8.4)	37.9	29.7	31.7	23.0	17.7	14.0	11.7	10.2	3.3	3.0	2.7	10.4	12.9	15.1	1.1	1.4	1.6	

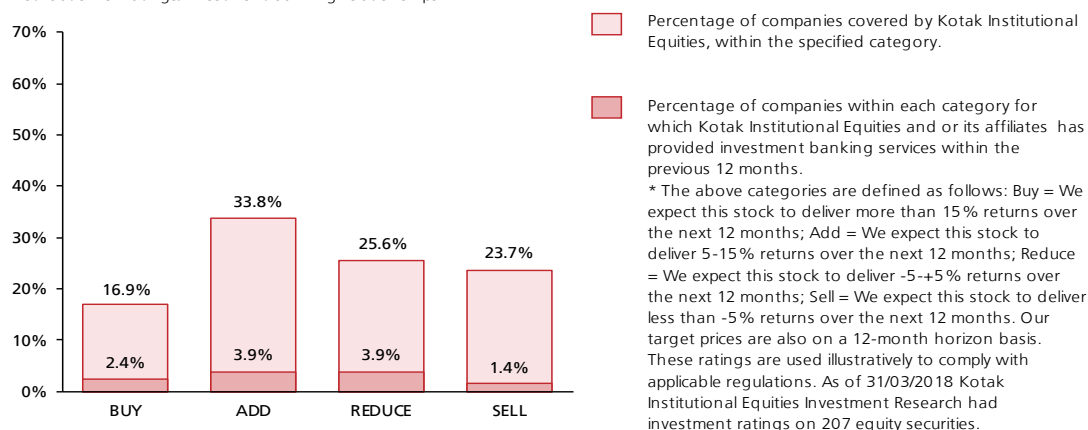
Notes:

- (a) We have used adjusted book values for banking companies.  
 (b) 2018 means calendar year 2017, similarly for 2019 and 2020 for these particular companies.  
 (c) Exchange rate (Rs/US\$)= 68.74

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 March 31, 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.

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