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EQUITY MARKETS

India	Change %			
	21-Aug	1-day	1-mo	3-mo
Sensex	38,286	0.0	4.9	10.5
Nifty	11,571	0.2	5.1	9.8
Global/Regional indices				
Dow Jones	25,734	(0.3)	2.8	3.4
Nasdaq Composite	7,889	0.4	0.6	6.2
FTSE	7,574	0.1	(1.1)	(2.8)
Nikkei	22,408	0.2	0.1	(1.2)
Hang Seng	27,928	0.6	(1.2)	(8.9)
KOSPI	2,276	0.1	0.3	(7.9)
Value traded – India				
Cash (NSE+BSE)	357		365	335
Derivatives (NSE)	7,114		5,245	6,355
Deri. open interest	4,322		3,880	4,005

Forex/money market

	Change, basis points			
	21-Aug	1-day	1-mo	3-mo
Rs/US\$	69.9	9	100	166
10yr govt bond, %	8.1	-	2	3

Net investment (US\$ mn)

	20-Aug	MTD	CYTD
FIs	19	(141)	(555)
MFs	(6)	219	11,354

Top movers

Best performers	Change, %			
	21-Aug	1-day	1-mo	3-mo
SUNP IN Equity	635	1.4	13.1	40.5
RIL IN Equity	1,247	1.0	11.3	36.7
RCOM IN Equity	19	(1.3)	42.4	32.4
DABUR IN Equity	459	1.2	22.7	26.3
GCPL IN Equity	1,384	(1.1)	2.7	25.3

Worst performers

TTMT/A IN Equity	145	0.4	2.1	(17.8)
VEDL IN Equity	219	(1.4)	3.4	(13.4)
TTMT IN Equity	269	(0.5)	3.9	(13.1)
JPA IN Equity	13	0.4	(13.9)	(13.0)
AL IN Equity	129	0.3	18.0	(11.5)

AUGUST 23, 2018

INITIATING COVERAGE

Coverage view:

Price (₹): 190

Target price (₹): 220

BSE-30: 38,286

Strutting the fashion street. We initiate coverage on Aditya Birla Fashion and Retail (ABFRL) with a BUY rating and a target price of ₹220 based on June 2020E EV/EBITDA of 20X for Madura and EV/EBITDA of 17X for Pantaloons. Madura is a steady growth and strong FCF generating business, while Pantaloons turnaround can provide a strong margin kicker. We forecast healthy revenue/PBT CAGR of 16/124% over FY2018-21 driving a reduction in leverage and improvement in return ratios.

Company data and valuation summary

Aditya Birla Fashion and Retail

Stock data		Forecasts/Valuations			
		2018	2019E	2020E	
52-week range (Rs) (high,low)	209-132	EPS (Rs)	1.5	2.3	3.7
Market Cap. (Rs bn)	146.7	EPS growth (%)	120.2	50.6	59.1
Shareholding pattern (%)		P/E (X)	124.8	82.8	52.1
Promoters	59.2	Sales (Rs bn)	71.8	83.5	97.1
FIs	10.5	Net profits (Rs bn)	1.2	1.8	2.8
MFs	11.3	EBITDA (Rs bn)	4.7	6.8	8.5
Price performance (%)		EV/EBITDA (X)	35.1	24.3	18.9
Absolute	1M 40.8 3M 35.4 12M 11.9	ROE (%)	11.5	15.0	20.0
Rel. to BSE-30	34.2 22.5 (8.7)	Div. Yield (%)	0.0	0.0	0.0

Strong brands, multiple channels of retail and pan-India presence; initiate with BUY

ABFRL is India's leading apparel company comprising Madura (lifestyle brands) and Pantaloons (affordable fashion retailer). Madura owns some of the largest menswear brands in India such as Peter England and Louis Philippe. Its strong brand pull, capital-efficient franchise model of growth and strong cash-flow generation are key positives. We believe Pantaloons business is on the cusp of a turnaround, with margins of the business improving to an all-time high of 9.6% in 1QFY19. SSSG revival, cost-cutting measures and stabilization of operations of recently opened stores are set to drive an improvement in profitability.

Multiple macro and competitive risks now behind

ABFRL's profitability was impacted by multiple macro events over FY2016-18 such as demonetization and GST implementation, which impacted consumer spends and Madura's sales through distributors. Further, heavy discounting by e-commerce impacted SSSG performance over FY2015-17. We believe macro risks have waned, and while competitive intensity is high, ABFRL's growth trajectory is set to improve as (1) Madura's new casual and event wear-focused range finds fresh demand and drives EBO expansion and (2) Pantaloons' improved product assortment and steady expansion drive higher revenue growth.

Multiple factors to drive healthy revenue/PBT CAGR of 16/124% over FY2018-21

We forecast healthy revenue, EBITDA and PBT CAGR of 16%, 30% and 124%, respectively over FY2018-21 driven by steady SSSG performance of Madura and Pantaloons, improved margin profile of Pantaloons and lower losses in other businesses (innerwear, fast fashion). We expect Madura to remain a healthy FCF-generating company, with increased profitability in other businesses driving a steady reduction in D/E to 0.9X in FY2020 from 1.6X in FY2018.

Key risks—decline in discretionary spending and heightened competitive intensity

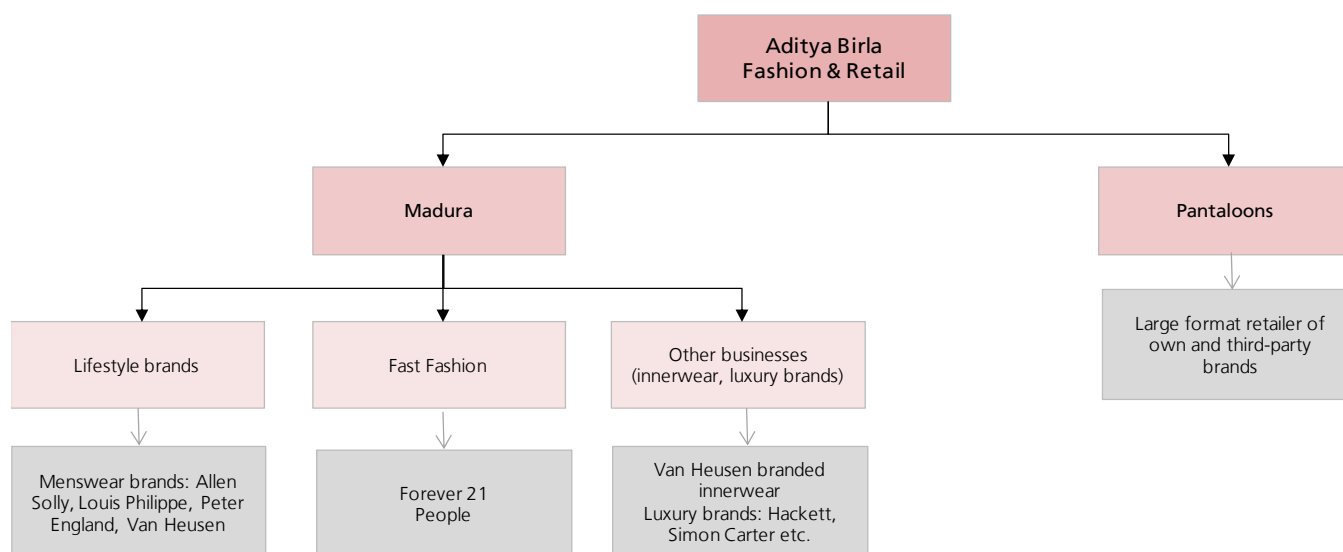
An economic downturn, or other factors, which may lead to reduced consumer spending, are key risks for ABFRL. Increase in competitive intensity from other channels such as e-commerce, unavailability of requisite real estate for expansion and/or sharp increase in rentals, longer-than-expected turnaround of new businesses are other risks.

Garima Mishra

ABFRL has a fast expanding portfolio of brands and retail formats

ABFRL's business is a mix of branded wear multi-format retail, as well as large format retail.

Exhibit 1: ABFRL operates various branded apparel and retail formats



Source: Company, Kotak Institutional Equities

Its Madura business is the largest contributor to revenues and EBITDA, followed by Pantaloons. ABFRL has seeded certain new businesses such as Forever 21, People and innerwear retail, which are currently in the investment phase.

SoTP-based valuation of ₹220

We ascribe a target multiple of 20X EV/EBITDA to Madura's brands business and 17X EV/EBITDA to Pantaloons. Given smaller scale but decent opportunity size of other businesses, we ascribe a 1.0X EV/sales multiple to these businesses. This leads us to our target price of ₹220 for ABFRL.

Exhibit 2: SoTP based target price of Rs220
SoTP calculation of ABFRL, March fiscal year-ends

	2020	2021
Lifestyle brands		
EBITDA (Rs mn)	5,331	5,891
EV/EBITDA (X)	20	20
EV (Rs mn)	106,621	117,829
Pantaloons		
EBITDA (Rs mn)	3,687	4,472
EV/EBITDA (X)	17	17
EV (Rs mn)	62,675	76,021
Other businesses		
Revenues (Rs mn)	7,538	10,061
EV/revenues (X)	1.0	1.0
EV of other businesses	7,538	10,061
Total EV	176,834	203,910
Net debt (Rs mn)	14,510	10,597
June 2020 equity value (Rs mn)	170,071	
Target price (Rs/sh)	220	

Source: Kotak Institutional Equities estimates

We forecast ABFRL to post revenue, EBITDA and net profit CAGR of 16%, 30% and 54% over FY2018-21E. Like its peers, it is a key beneficiary of an increasing demand for branded apparel and higher discretionary consumption spends. Its widespread reach and ownership of multiple brands make it a key player in the branded apparel space.

Our investment thesis for ABFRL is based on the following:

Lifestyle brands. This business contributed ~52% of ABFRL's revenues in FY2018. We believe Madura, after registering a slowdown in revenues as well as store expansion over FY2015-18, is set to see a revival in revenues over the next few years. This is on account of: (1) improvement in product assortment to cater to greater demand for casualwear (Allen Solly and Peter England have considerably improved this offering) and event wear (Van Heusen and Louis Philippe), (2) greater store additions (we model 150 new EBOs to be set up over FY2019 and FY2020 each compared to 78 EBOs set up over FY2015-18), and (3) improved online presence with a substantial increase in revenues from this channel to 10% in 1QFY19 from a minuscule proportion a year earlier.

Pantaloons. Pantaloons has been a drag on ABFRL's profitability since its acquisition in FY2013. However, the company's recent measures to boost profitability are bearing fruit. These include: (1) alignment of Pantaloon's product pricing with value fashion peers in order to cater to a wider consumer set, (2) expansion in Tier-III/IV cities where competition is limited, (3) increased reliance on private labels with quick churn out of trendy apparel, and (4) increased focus on cost controls, with measures such as rent and store area rationalization, fixed cost controls, etc. Further, the company is looking to increase advertising in both offline and online modes, as well as looking to create a dedicated online portal for Pantaloons, as part of its omni-channel strategy, which we believe will enable a wider reach. The impact of these measures is visible on the steadily improving margin profile of Pantaloons over the past 3-4 quarters.

Other businesses. These comprise innerwear, fast fashion (Forever 21, People) and luxury brands businesses. Among these, we believe the innerwear business has legs to grow, given cross-sell opportunities in existing Van Heusen stores as well as Pantaloons stores. While this category is competitive, ABFRL is investing in its distribution reach and product quality to drive revenues. Fast fashion faces extreme competition from other retailers like Zara, H&M, and hence we believe this format may take some more time to break even, and curtailment of investments is a positive. Luxury brands is currently a small business and we believe future expansion of the same will be measured.

Exhibit 3: SSSG revival of Madura and margin increase in Pantaloons to drive profitability
 Details of key assumptions, March fiscal year-ends

	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
Lifestyle brands									
Revenues (Rs mn)				36,330	36,170	37,170	40,866	45,322	50,168
Yoy growth (%)					(0)	3	10	11	11
EBITDA (Rs mn)				3,133	3,946	3,977	4,795	5,331	5,891
EBITDA margin (%)				9	11	11	12	12	12
SSSG (%)				0	(6)	9	10	8	8
Period-ending store count (#)				1,877	1,761	1,813	1,963	2,113	2,238
Period-ending store area (sq. ft)				2.6	2.6	2.6	2.8	3.0	3.2
Pantaloon									
Revenues (Rs mn)	12,851	16,610	18,510	21,570	25,520	28,620	35,103	41,669	48,777
Yoy growth (%)		29	11	17	18	12	23	19	17
EBITDA (Rs mn)	661	334	727	1,030	1,260	1,730	2,847	3,687	4,472
EBITDA margin (%)	5	2	4	5	5	6	8	9	9
SSSG (%)	—	(2)	6	6	3	(3)	5	7	7
Period-ending store count (#)	95	107	134	163	209	275	330	385	440
Period-ending store area (sq. ft)	1.7	2.0	2.3	2.9	3.2	3.8	4.5	5.2	5.9
Other businesses									
Revenues (Rs mn)	—	—	—	2,450	4,640	6,020	7,538	10,061	12,592
Yoy growth (%)					89	30	25	33	25
EBITDA (Rs mn)				(380)	(831)	(1,024)	(889)	(492)	(103)
EBITDA margin (%)				(15)	(18)	(17)	(12)	(5)	(1)
Total									
Revenues (Rs mn)	12,851	16,610	18,510	60,350	66,330	71,810	83,508	97,052	111,538
Yoy growth (%)		29	11	226	10	8	16	16	15
EBITDA (Rs mn)	661	334	727	3,784	4,375	4,683	6,753	8,526	10,261
EBITDA margin (%)	5	2	4	6	7	7	8	9	9

Source: Company, Kotak Institutional Equities estimates

The swagger is back. Sure-footed to circumspect to sure-footed again; that's been the story of Nestle management's stance in its analyst meets for the past few years. That the historical Nestle confidence in its strategy and execution is back was our biggest takeaway from the analyst meet. Willingness to fail fast i.e. staying aggressive on new launches without the pressure or obsession to strike a 100% hit rate is an impressive growth pivot for a large company like Nestle. We like what we see. ADD stays.

Company data and valuation summary

Nestle India

Stock data

52-week range (Rs) (high,low) 10,990-6,578

Market Cap. (Rs bn) 1,049.6

Shareholding pattern (%)

Promoters 62.8

FIs 11.9

MFs 2.4

Price performance (%)

	1M	3M	12M
Absolute	5.2	14.8	64.5
Rel. to BSE-30	0.3	3.8	34.3

Forecasts/Valuations

	2018	2019E	2020E
EPS (Rs)	127.1	170.6	197.4
EPS growth (%)	21.1	34.2	15.7
P/E (X)	85.7	63.8	55.2
Sales (Rs bn)	99.5	111.9	124.7
Net profits (Rs bn)	12.3	16.4	19.0
EBITDA (Rs bn)	21.6	27.7	31.8
EV/EBITDA (X)	47.2	36.6	31.6
ROE (%)	36.6	46.1	49.0
Div. Yield (%)	0.8	1.1	1.2

Busy, focused, sure-footed – the Nestle of the old is now completely back

2010s has been an up-and-down decade for Nestle – poor capacity planning and global profitability mandate diluted volume growth focus in the first few years of the decade and then the Maggi crisis set the company back by 2-3 years. The past 18 months have seen fast-paced repair and we believe the volume-focused, profitability-conscious (versus margin-obsessed) Nestle of the 2000s decade is now back. 1HFY18 has seen volume growth accelerate across categories and management commentary suggested a high degree of confidence in the trend sustaining.

Nimble, willing to pursue a fail-fast aggressive innovation strategy – a welcome new trait

We must admit we weren't completely sure of Nestle's strategic intent when the company started launching a spate of new products a couple of years back. Even as fixing the core has swung the growth needle more than the new product launches have, we believe the aggressiveness on new launches played an important role in rejuvenating the organization and trade partners. This may have even helped fix the core faster than the company would have, otherwise, in our view. What is impressive is the subtle change in innovation or NPD launch approach to a 'willing to fail fast' one from a 'first-time right' one. For example, of the 39 new product launches in the past couple of years, 11 have failed and have been taken off the shelves. It is refreshing to see a company as large as Nestle showing the flexibility to add an important new dimension to its growth strategy. At the other extreme on this aspect is Colgate which has refused to change, adapt quickly to the changing industry construct.

HUVR-inspired new cluster-based approach to target micro markets

Nestle's management indicated that it has defined 15 clusters (3 each in North, East, West, and South in addition to 3 metro clusters) and decisions on channel/product mix, new product launches, etc. would now be more micro-market focused. We note that this is quite similar to HUVR's successful WIMI (winning in many Indias) strategy; Dabur's management too indicated adoption of a somewhat-similar 'regionalization' strategy. Imitation is the sincerest form of flattery and peers seem to be tipping their hats to HUVR on this one.

Other key messages shared in the analyst meet included – (a) bias for action, (b) thrive, not survive, (c) grow market share across categories, and (d) continued search for efficiency.

Rohit Chordia










Jaykumar Doshi

Aniket Sethi

Other key highlights

- ▶ Maggi noodles volumes are now back to 90% of the peak pre-crisis levels while sales are back to 100%.
- ▶ Liquid beverages (ready-to-drink milk-based Nescafe variants and Milo), Munch nuts, Kitkat dessert delights, Ceregrow, Milky Bar moosha, etc. have been the key successful new launches.
- ▶ A+ pro grow, Sunrise insta filter coffee, Everyday masala fusion, etc. have been some of the major failures among the new launches.
- ▶ Nestle intends to expand brand Maggi's positioning to beyond noodles and pasta; it would target the broader snacking space.
- ▶ Nesplus breakfast cereals have seen encouraging initial response from trade as well as consumers.
- ▶ Ready-to-drink beverages is a key focus area for the company.
- ▶ Nestle indicated meaningful volume market share gains in noodles, coffee and pasta in the past one year.
- ▶ Interestingly, the company indicated that it has regained volume market share leadership in instant coffee. HUVR claims leadership as well.
- ▶ Out of home F&B market is growing 2X retail, per the company. Nestle has 350 OOH touchpoints and 30,000 vending machines at this point and intends to aggressively expand this portfolio.
- ▶ On the parent's decision to house the Pet Care business in a separate unlisted company, the management laid out the decision-making framework. The listed entity would only enter new businesses (a) that have customer and consumer salience with the extant business and (b) where the listed entity has the competency. Even as the merits and demerits of this framework are debatable, we are comfortable as long as the framework stays constant and is followed consistently.

Exhibit 1: Nestle has leadership position in seven out of its nine categories

Category	Brand	YTD (Jan-Jun 2018)	MAT (Jul'17-June'18)	Nestle India's Position
Instant Noodles		59.1	59.7	1
Ketchups & Sauces		21.6	22.3	2
Instant Pasta		66.4	67.6	1
Infant Formula (excluding Amul Spray)		67.4	68.1	1
Infant Cereals		96.1	96.3	1
Tea Creamer		45.2	45.3	1
Chocolates		14.4	14.2	2
White & Wafers		61.1	61.4	1
Instant Coffee		50.2	49.4	1

Source: AC Nielsen - June 2018

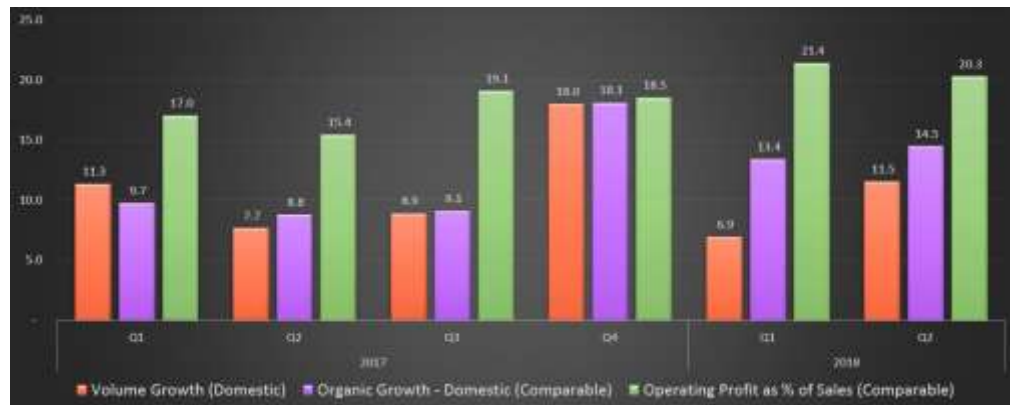
Source: Company

Exhibit 2: Several innovations have been driving growth for Nestle



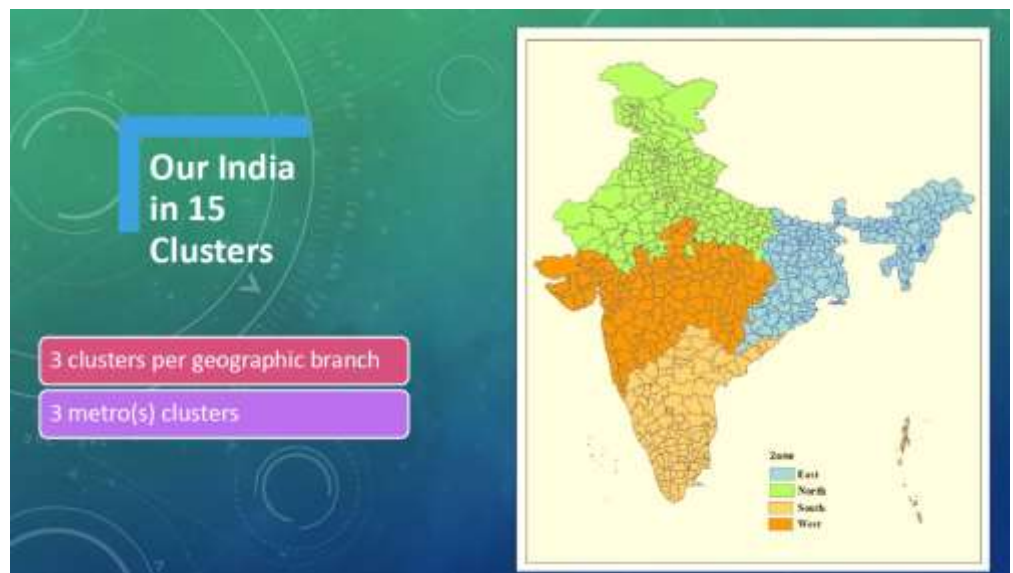
Source: Company

Exhibit 3: Recent quarterly performance trends



Source: Company

Exhibit 4: Nestle's cluster based focus



Source: Company

Exhibit 5: Key takeaways



Source: Company

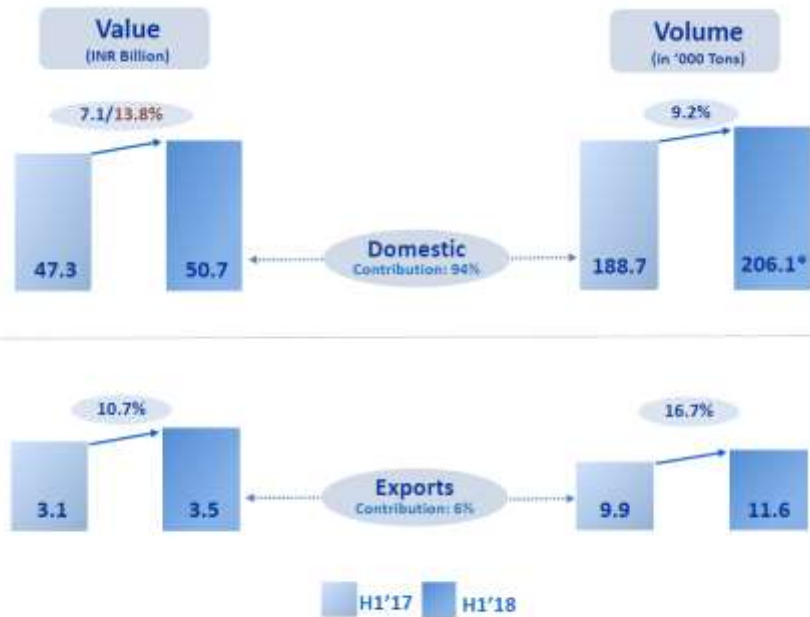
Exhibit 6: Indian FMCG market dynamics



Market Size in USD Bn for 2017 (INR 65.0B)
 Note: Infant Formula and Infant Cereal segments included in FMCG, F&B, Processed Foods and Nestlé categories
 Source: AC Nielsen

Source: Company

Exhibit 7: Recent sales performance



(a) Figures in maroon colour represents comparable growth on estimated basis.
(b) *Includes extra grammage to comply with anti-profiteering rules.

Source: Company

Exhibit 8: Break-up of region-wise sales and growth in e-commerce channel



E-Commerce



Source: Company

Exhibit 9: Category wise contribution to domestic sales

Product Groups	Products	Contribution (%)	H1'18 Growth%	
			Reported	Comparable
Milk Products & Nutrition		48.1	6.3	10.8
Prepared Dishes & Cooking Aids		28.0	8.9	15.0
Confectionery		12.7	4.6	15.3
Powdered & Liquid Beverages		11.2	9.2	23.6
Domestic Growth			7.1	13.8

Domestic Sales: INR 50.7 Billion

Source: Company

Exhibit 10: Cash generation from operating activities



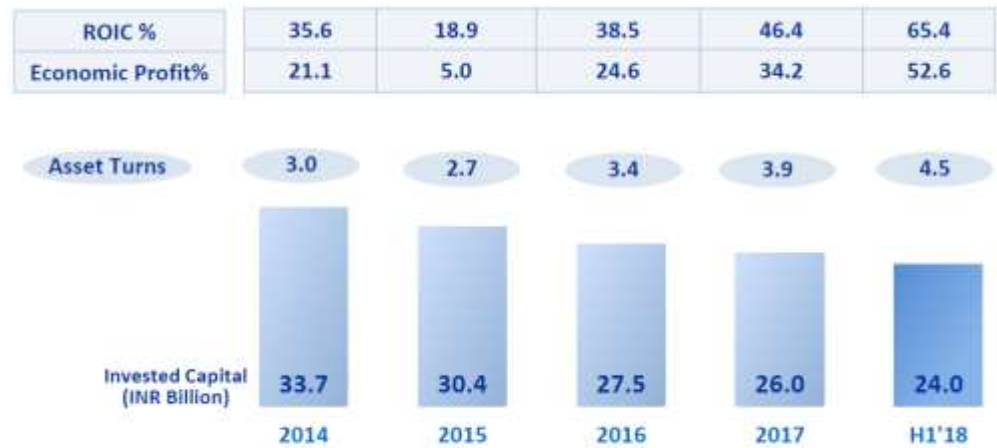
(a) Percentages are with reference to sales

(b) *Positively impacted due to lower reported sales by the change in structure of indirect taxes and reduction in realisations to pass on the GST benefits

(c) Figures in maroon colour represents comparable numbers

Source: Company

Exhibit 11: Improved capital efficiency and value creation metrics



Source: Company

Exhibit 12: Rebuild of Maggi Noodles



Source: Company

Exhibit 13: Nestle: Profit model, balance sheet, 2014-2020E, December calendar year-ends (Rs mn)

	IGAAP		Ind-AS				
	2014	2015	2016	2017	2018E	2019E	2020E
Profit model							
Net sales	98,063	81,233	90,764	99,525	111,871	124,722	139,009
EBITDA	20,527	15,946	19,652	21,643	27,713	31,832	35,928
Other income	1,359	1,621	2,159	2,340	3,017	3,589	4,216
Interest expense	(142)	(33)	(909)	(919)	(1,150)	(1,269)	(1,401)
Depreciation	(3,375)	(3,473)	(3,537)	(3,423)	(3,354)	(3,566)	(3,801)
Pretax profits	18,368	14,062	17,365	19,642	26,225	30,585	34,942
Tax	(5,897)	(4,206)	(5,440)	(6,141)	(8,472)	(10,024)	(11,603)
Net income	12,472	9,855	11,924	13,500	17,754	20,561	23,339
Provision for contingencies/impairment losses	(695)	(917)	(1,803)	(1,248)	(1,309)	(1,530)	(1,791)
Net income after contingencies/impairment	11,777	8,938	10,121	12,252	16,445	19,031	21,548
EO items	70	(3,306)	(108)	—	—	—	—
Reported net income	11,847	5,633	10,014	12,252	16,445	19,031	21,548
Earnings per share (Rs)	122.1	92.7	105.0	127.1	170.6	197.4	223.5
Balance sheet							
Total equity	28,372	30,359	32,823	34,206	37,189	40,555	44,232
Total borrowings	196	177	332	351	—	—	—
Deferred tax liability	2,227	1,747	1,553	1,220	1,220	1,220	1,220
Total liabilities and equity	30,795	32,283	34,708	35,777	38,409	41,774	45,452
Cash	4,458	4,996	8,800	14,574	21,627	29,436	37,900
Investments	8,118	13,297	17,557	19,789	19,789	19,789	19,789
Net current assets (excl cash)	(15,996)	(17,296)	(20,832)	(25,689)	(29,105)	(32,602)	(36,507)
Net fixed assets (incl CWIP)	34,214	31,286	29,183	27,103	26,098	25,152	24,270
Total assets	30,795	32,283	34,708	35,777	38,409	41,774	45,452
Free cash flow							
Operating cash flow, excl. working capital	14,623	7,665	12,618	14,428	18,667	21,086	23,424
Working capital	1,818	3,316	2,040	3,750	3,416	3,497	3,905
Capital expenditure	(4,146)	(1,508)	(2,070)	(1,986)	(2,349)	(2,619)	(2,919)
Free cash flow	12,294	9,473	12,589	16,192	19,734	21,964	24,410
Key assumptions							
Revenue growth (%)	8.2	(17.2)	11.7	9.7	12.4	11.5	11.5
EBITDA Margin (%)	20.9	19.6	21.7	21.7	24.8	25.5	25.8
EPS Growth (%)	6.7	(24.1)	13.2	21.1	34.2	15.7	13.2
RoE (%)	45.2	30.4	32.0	36.6	46.1	49.0	50.8
RoCE (%)	36.4	26.8	31.4	32.2	39.6	42.0	43.4

Source: Company, Kotak Institutional Equities estimates

AUGUST 23, 2018

UPDATE

Coverage view: **Cautious**

Price (₹): 459

Target price (₹): 390

BSE-30: 38,286

Palpable excitement. Dabur's management shared a fairly optimistic growth outlook for FY2019E while being slightly cautious on the margins front. Rural demand surge, driven by fiscal stimulus, has started reflecting in FMCG offtake acceleration and Nielsen data validates the same. Dabur intends to step up its own growth interventions (accelerated pace of new launches, direct distribution expansion, higher and more targeted adspends, etc.) to capture the growth tailwinds. At 45X FY2020E PE and 36X FY2020E EV/EBITDA, the positives are priced in, however. REDUCE stays; TP: ₹390.

Company data and valuation summary

Dabur India

Stock data

52-week range (Rs) (high,low) 462-293

Market Cap. (Rs bn) 810.4

Shareholding pattern (%)

Promoters 68.1

FIs 17.2

MFs 4.3

Price performance (%)

	1M	3M	12M
Absolute	23.0	24.6	52.8
Rel. to BSE-30	17.3	12.6	24.7

Forecasts/Valuations

	2018	2019E	2020E
EPS (Rs)	7.8	9.1	10.3
EPS growth (%)	7.2	17.3	12.9
P/E (X)	59.0	50.3	44.6
Sales (Rs bn)	77.5	88.5	100.2
Net profits (Rs bn)	13.7	16.1	18.1
EBITDA (Rs bn)	16.2	19.2	22.1
EV/EBITDA (X)	50.1	42.1	36.4
ROE (%)	25.9	28.1	29.6
Div. Yield (%)	1.6	0.8	1.0

Macro tailwinds strengthening

Offtake growth acceleration in the month of July 2018 (to around 12% volumes and 15% value for aggregate FMCG) showed up in Dabur's already-positive commentary on underlying demand momentum turn even more so. The company attributes demand acceleration to rural stimulus and expects the trend to sustain in the run up to the general elections in 1HCY19. Strength of the stimulus should more than offset some negatives on the monsoon front (overall below normal, patchy distribution), per the company.

Aggressive growth interventions planned to capture demand tailwinds

Dabur's management had been waiting for demand tailwinds to emerge to intensify its in-market aggression and indicated five key pillars of its growth strategy – (a) leadership in innovation and renovation, (b) regionalization; the company is revamping its sales and marketing organization to drive a micro-market strategy, (c) sharper channel focus with a much higher degree of investments in growing the e-commerce channel, (d) cost optimization and reinvestment of the surplus in improving service levels and targeted advertising, and (e) capability improvement (on the people front, IT, analytics, etc.). The company also shared some specifics like

- ▶ Market share defense like never before; the recent aggression in the hair oils space is an example,
- ▶ Aggressive media spends concentrated on quality GRPs (TVC spends to be consolidated to the top 50 channels from as many as 200 today),
- ▶ Focus on becoming relevant for Gen Y and Gen Z consumers, and
- ▶ Improving speed of execution, increasingly the most critical differentiator between companies.
- ▶ Focus on growing some of the company's high-potential sub-₹1 bn brands larger. The management indicated that it would pick 2-3 brands to aggressively target every year. Several of these brands are in the consumer healthcare space, we note.

Rohit Chordia

Jaykumar Doshi

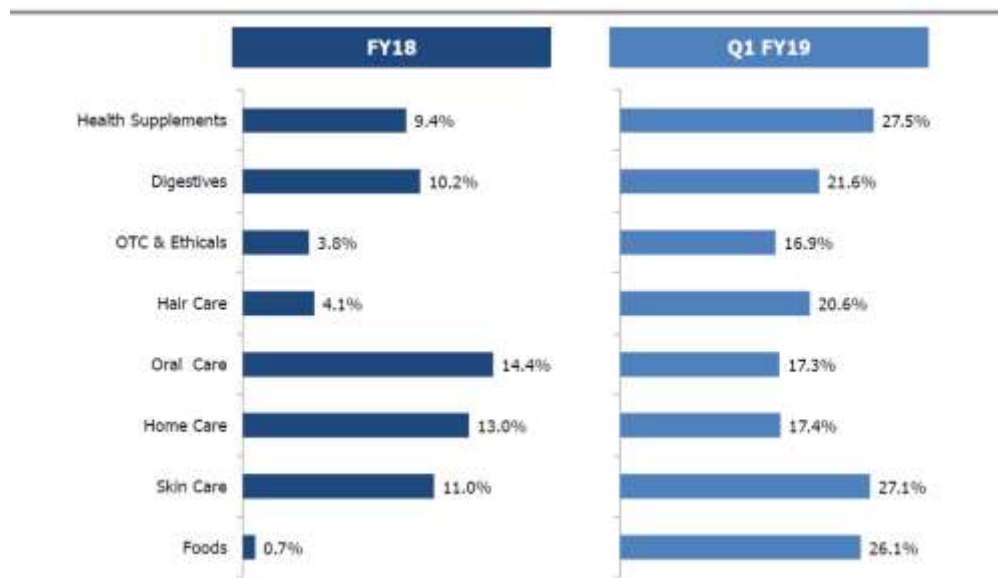
Aniket Sethi

Other key takeaways

We have reproduced some of the key slides from the presentation in exhibits that follow the text and are not repeating those data points here. Among other highlights –

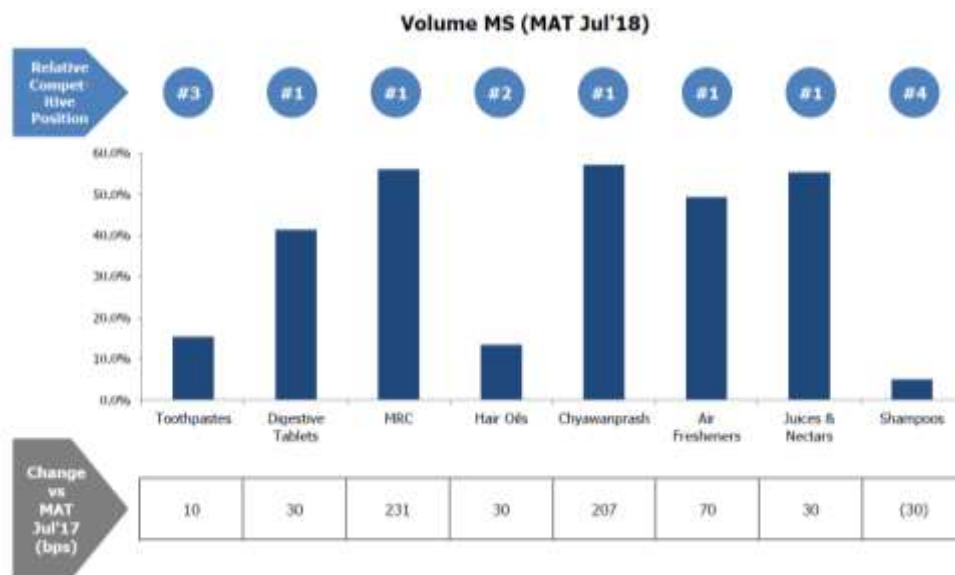
- ▶ Dabur has gained share on a MAT basis (end-June 2018) in almost all its key categories except shampoos. Share gains in different categories range from 10 bps to 230 bps.
- ▶ Per Nielsen, Dabur's overall distribution reach, at 6.37 mn, is now the third highest in the industry, only behind HUVR's 8.37 mn and P&G's 6.78 mn. The only other companies with a total reach of 5 mn+ are Colgate (6.27 mn), Emami (5.87 mn), and GCPL (5.63 mn).
- ▶ Dabur's direct distribution reach stood at 1.02 mn outlets at end-March 2018, up from 0.91 mn at end-March 2017. The company intends to take this to 1.2 mn in the next year or so.
- ▶ On the international front, the company indicated comfort on constant currency growth across markets. Turkish Lira depreciation is the only point of concern at this point.
- ▶ Keywords from the company's international business strategy included – (a) naturals, (b) low-unit-price packs, (c) deep analytics, (d) distribution rejig, (e) better key account management, and (f) cost savings and efficiency programs to generate fuel for growth.
- ▶ Dabur's regionalization strategy sounded eerily similar to HUVR's successful WIMI (winning in many Indias) strategy. WIMI's success appears to be inspiring peers; this was also reflected in the cluster strategy Nestle talked about in its analyst meet.
- ▶ For the first time ever, Dabur management seemed extremely positive on the growth potential of the e-commerce channel. The company's e-commerce sales grew 150% yoy in 1QFY19 and the company indicated that the channel is margin accretive (better product mix). E-commerce also seems to be emerging as the channel of choice to seed or experiment with high-end innovations. Dabur's management does not see the rise of e-commerce as a risk to margins or net working capital unless the e-commerce channel sees the emergence of a dominant monopoly.
- ▶ Rising input costs, step up in adspends, and higher ESOP-related costs (on account of the sharp jump in share price) would take away the benefits of operating leverage in FY2019E, per the management. Qualitative guidance on margins is 'flat yoy' for FY2019E. On a medium-term basis, however, the company is confident of delivering 50-100 bps operating margin expansion per annum.
- ▶ Digital advertising comprises around 2% of the company's adspends at this point. The share is likely to keep rising for the next many years.
- ▶ The company is actively looking for acquisition opportunities in the domestic market in spaces with Gen Y/Z as the target consumer segment. It remains circumspect on pursuing inorganic growth opportunities in the international market.
- ▶ On the oral care front, sustained strong performance continues to expand the 'zone of possibility' for the management. The company indicated that herbal/naturals segment has the potential to become as high as 70-80% of the category.

Exhibit 1: Dabur is seeing broad-based growth...



Source: Company

Exhibit 2: ...and is also gaining market shares across most categories



Source: Company,

Exhibit 3: Product launches since April 2017

 Real Ethnic Range	 Real Koolerz	 Real Mocktails	 Hajmola Chat Cola	 Vatika Enriched Coconut Hair Oil
 Vatika Shampoo with Satt Poshan	 Anmol Jasmine HO	 Odonil Zipper	 Honitus Hotsip	 Fem De-Tan Bleach
 Dabur Red Gel	 Oxy Pro Clear Facial Kit	 Odonil - Fruit Blast	 Odomos Fabric Roll On	 Glycodab Tablets

Source: Company,

Exhibit 4: Update on performance of international business



International Business – An Update

- **FY18 was impacted by geopolitical headwinds and currency devaluation**
- **Good recovery seen in GCC since Q4 FY18**
- **Namaste Business seeing a turnaround with improvement in profitability**
- **Hobi Business facing another round of currency devaluation**
- **SSA Business on a sound footing** post the localisation of manufacturing

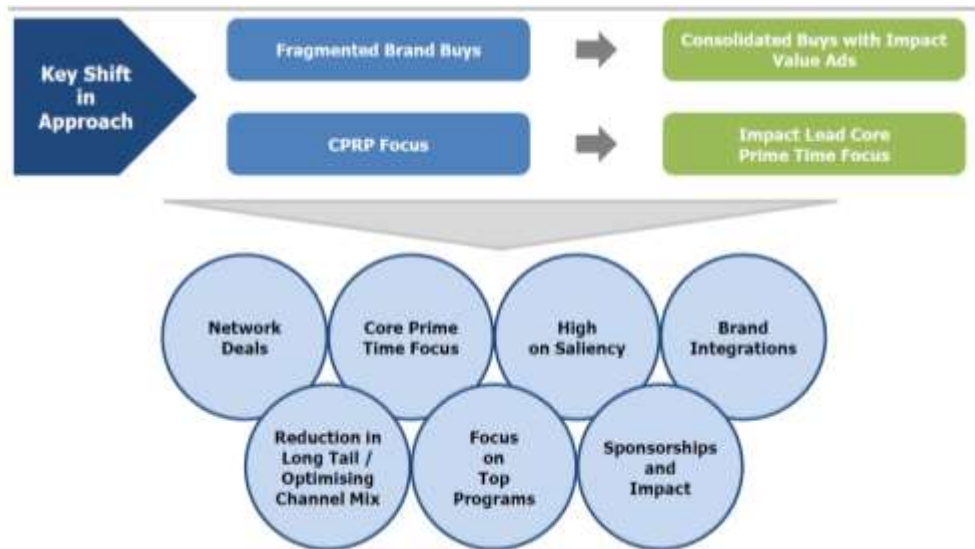
Source: Company,

Exhibit 5: Dabur continues to focus on core brands to maintain market leadership



Source: Company,

Exhibit 6: New media strategy for driving brand preference



Source: Company,

Exhibit 7: Focus on regionalization



Source: Company,




Exhibit 8: Strong focus on enhancing distribution reach including e-commerce



Source: Company,






Exhibit 9: Focus on cost optimization and improving service levels

Project Lakshya

	Targets
 Service Level	<ul style="list-style-type: none"> • Improve range availability at C&FA and Distributors • Improve Lead Time Adherence • Improve MT OTIF
 Cost	<ul style="list-style-type: none"> • Reduction in Logistics Cost
 Inventory	<ul style="list-style-type: none"> • Reduction in Finished Goods Inventory

Source: Company,

Exhibit 10: Drivers of growth going forward

	Build bigger brands <i>More than 15 brands in the range of INR >0.1 to 1 bn which can grow to INR 1bn+</i>
	Continued Innovation and Renovation for Younger Consumers <i>NPD pipeline primed to deliver new products in key categories – 4-5 new products every year</i>
	Driving distribution expansion <i>Direct reach of 1.2 mn+, increasing the no. of SKUs, rural potential, IT enablement, data analytics and e-commerce</i>
	Consumer Health <i>Strong core competence, low competitive intensity, strong profitability, low penetration</i>
	Geographical expansion <i>Expand into overseas focus markets where our brands are relevant – MENA, Africa, SAARC</i>

Source: Company,

Exhibit 11: Key revenue assumptions for Dabur, March fiscal year-ends, 2017-21E (Rs mn)

	2017	2018	2019E	2020E	2021E
Gross revenue breakup (Rs mn)					
Domestic Business	51,997	53,884	61,949	70,857	80,803
Consumer Care	40,382	43,183	49,086	55,732	63,088
Hair Care	10,858	11,050	12,100	13,431	14,834
Oral Care	7,953	9,147	10,793	12,736	14,971
Health Supplements	8,448	9,061	10,239	11,468	12,810
Digestives	2,782	2,962	3,347	3,715	4,113
Skin Care	2,645	2,773	3,189	3,699	4,276
Home Care	3,277	3,544	4,075	4,646	5,280
OTC & Ethicals	4,418	4,647	5,344	6,038	6,804
Foods	10,084	9,553	11,559	13,755	16,277
Misc	1,531	1,148	1,304	1,369	1,438
IBD	24,804	22,919	25,262	27,910	30,782
Total Gross revenue	76,801	76,803	87,211	98,766	111,585
yoy growth (%)					
Domestic Business	(0.1)	3.6	15.0	14.4	14.0
Consumer Care	(3.1)	6.9	13.7	13.5	13.2
Hair Care	(6.7)	1.8	9.5	11.0	10.5
Oral Care	6.5	15.0	18.0	18.0	17.6
Health Supplements	(3.6)	7.3	13.0	12.0	11.7
Digestives	(12.3)	6.5	13.0	11.0	10.7
Skin Care	4.3	4.8	15.0	16.0	15.6
Home Care	3.6	8.1	15.0	14.0	13.7
OTC & Ethicals	(10.5)	5.2	15.0	13.0	12.7
Foods	12.4	(5.3)	21.0	19.0	18.3
Misc	7.9	(25.0)	13.6	5.0	5.0
IBD	(6.2)	(7.6)	10.2	10.5	10.3
Total Gross revenue	(2.2)	0.0	13.6	13.2	13.0
% of total gross revenue					
Domestic Business	68	70	71	72	72
Consumer Care	53	56	56	56	57
Hair Care	14	14	14	14	13
Oral Care	10	12	12	13	13
Health Supplements	11	12	12	12	11
Digestives	4	4	4	4	4
Skin Care	3	4	4	4	4
Home Care	4	5	5	5	5
OTC & Ethicals	6	6	6	6	6
Foods	13	12	13	14	15
Misc	2	1	1	1	1
IBD	32	30	29	28	28

Source: Company, Kotak Institutional Equities

Exhibit 12: Consolidated Profit model, balance sheet of Dabur March fiscal year-ends, 2016-2021E

	2016	2017	2018	2019E	2020E	2021E
Profit model (Rs mn)						
Net revenues	78,507	76,801	76,803	87,211	98,766	111,585
EBITDA	15,002	14,876	15,494	17,952	20,606	23,555
Other income	2,353	3,197	3,732	4,480	4,877	5,477
Interest expense	(485)	(540)	(531)	(606)	(624)	(594)
Depreciation	(1,332)	(1,429)	(1,622)	(1,770)	(1,915)	(2,085)
Pretax profits	15,538	16,104	17,074	20,055	22,944	26,353
Tax	(2,999)	(3,303)	(3,354)	(3,965)	(4,775)	(5,716)
Minority Interest	(28)	(31)	(31)	(34)	(38)	(41)
Net Income	12,512	12,769	13,689	16,056	18,132	20,596
Extraordinary items	—	—	(145—)	—	—	—
Reported Net Income	12,512	12,769	13,544	16,056	18,132	20,596
Earnings per share (Rs)	7.1	7.2	7.8	9.1	10.3	11.7
Balance sheet (Rs mn)						
Total shareholder's equity	41,706	48,474	57,065	57,034	65,625	74,560
Total borrowings	8,102	9,786	9,375	10,788	10,288	9,788
Deferred tax liability	882	1,080	1,091	1,091	1,091	1,091
Minority Interest	217	248	265	300	337	379
Total liabilities and equity	50,907	59,588	67,796	69,213	77,341	85,818
Net fixed assets incl CWIP	17,728	20,005	20,696	21,032	21,869	22,754
Investments	26,301	32,402	38,052	38,052	38,052	38,052
Cash	2,198	3,048	3,061	3,564	10,251	17,212
Net current assets	4,680	4,134	5,987	6,565	7,170	7,800
Total assets	50,907	59,588	67,796	69,213	77,341	85,818
Free cash flow (Rs mn)						
Operating cash flow (excl working capital)	12,486	11,397	13,465	15,985	18,055	20,312
Working capital	(752)	872	(2,575)	(578)	(605)	(630)
Capital expenditure	(1,892)	(4,858)	(2,003)	(2,106)	(2,752)	(2,970)
Free cash flow	9,843	7,411	8,887	13,300	14,699	16,712
Key ratios (%)						
Sales growth	0.6	(2.2)	0.0	13.6	13.2	13.0
EBITDA growth	15.8	(0.8)	4.2	15.9	14.8	14.3
EPS growth	17.2	1.9	7.2	17.3	12.9	13.6
EBITDA margin	19.1	19.4	20.2	20.6	20.9	21.1
Gross margin	51.0	50.0	49.9	50.0	50.1	50.2
A&SP % of sales	9.8	8.4	7.9	8.5	8.4	8.4

Source: Company, 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)
		21-Aug-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	
Automobiles																													
Amara Raja Batteries	REDUCE	864	780	(9.8)	148	2.1	171	32	37	43	17.1	15.9	14.5	26.8	23.1	20.2	14.2	12.2	10.6	4.4	3.8	3.3	17.4	17.5	17.4	0.6	0.7	0.7	5.6
Apollo Tyres	BUY	263	340	29.4	150	2.2	541	20	25	29	46.9	25.7	17.0	13.4	10.6	9.1	8.1	6.8	5.6	1.4	1.3	1.1	11.0	12.5	13.1	1.1	1.1	1.1	11.2
Ashok Leyland	BUY	129	160	24.3	378	5.4	2,926	6.2	8.9	9.4	15.3	43.2	6.1	20.7	14.5	13.7	10.6	7.7	7.2	4.5	3.8	3.2	23.4	28.4	25.4	1.4	2.1	2.2	49.2
Bajaj Auto	SELL	2,729	2,500	(8.4)	790	11.3	289	148	161	176	5.4	9.0	9.3	18.5	16.9	15.5	12.7	11.3	10.0	3.7	3.3	3.0	21.2	20.7	20.3	2.2	2.4	2.6	31.8
Balkrishna Industries	REDUCE	1,346	1,300	(3.4)	260	3.7	193	50	63	71	34.5	24.7	13.6	26.7	21.4	18.9	14.6	11.8	10.4	5.3	4.3	3.6	21.6	22.2	20.9	0.4	0.5	0.5	10.3
Bharat Forge	SELL	641	600	(6.4)	298	4.3	466	23	27	29	44.4	14.6	7.1	27.4	23.9	22.3	15.5	13.6	12.6	5.5	4.7	4.0	21.5	21.0	19.4	0.8	0.9	0.9	11.7
CEAT	ADD	1,414	1,500	6.1	57	0.8	40	99	108	116	53.7	8.3	7.9	14.2	13.1	12.2	9.0	7.7	7.0	1.9	1.7	1.5	14.4	13.8	13.2	0.7	0.7	0.7	13.7
Eicher Motors	SELL	28,611	24,000	(16.1)	780	11.2	27	997	1,180	1,306	25.8	18.4	10.7	28.7	24.2	21.9	20.8	17.5	15.2	10.5	7.9	6.1	42.4	37.1	31.4	0.1	0.1	—	19.9
Escorts	BUY	899	1,200	33.5	77	1.6	89	59	71	78	52.3	19.9	10.2	15.2	12.7	11.5	9.2	7.5	6.4	2.7	2.3	2.0	17.6	18.0	17.1	1.0	1.2	1.3	15.3
Exide Industries	SELL	296	235	(20.5)	251	3.6	850	10	11	13	25.3	11.0	11.6	28.8	25.9	23.2	16.4	14.6	13.1	4.2	3.8	3.5	15.4	15.5	15.7	1.0	1.2	1.4	8.2
Hero Motocorp	SELL	3,317	3,000	(9.6)	662	9.5	200	183	204	225	(0.9)	11.4	10.2	18.1	16.2	14.7	10.8	9.5	8.4	5.0	4.5	4.0	29.3	29.1	28.6	2.8	3.1	3.4	21.3
Mahindra CIE Automotive	ADD	255	290	13.9	96	1.4	378	14	16	17	45.0	12.7	10.4	18.3	16.2	14.7	9.2	8.1	7.2	2.3	2.0	1.8	13.2	13.1	12.7	—	—	—	2.9
Mahindra & Mahindra	BUY	958	1,085	13.3	1,191	17.1	1,138	45	51	53	18.5	14.4	3.1	21.3	18.6	18.1	13.8	12.0	11.4	3.2	2.8	2.5	15.8	16.0	14.7	0.9	1.1	1.1	34.3
Maruti Suzuki	ADD	9,113	10,000	9.7	2,753	39.4	302	323	393	461	26.4	21.8	17.2	28.2	23.2	19.8	16.3	12.8	10.5	5.7	4.8	4.1	21.6	22.5	22.6	0.9	1.1	1.3	65.4
Motherson Sumi Systems	SELL	312	280	(10.2)	656	9.4	2,105	12	14	16	41.9	21.4	13.8	26.9	22.1	19.4	10.8	8.9	7.8	5.7	4.8	4.1	22.7	23.4	22.6	0.9	1.1	1.2	15.8
MRF	REDUCE	74,518	69,000	(7.4)	316	4.5	4	3,425	3,932	4,411	28.3	14.8	12.2	21.8	19.0	16.9	10.3	8.9	7.7	2.8	2.5	2.2	13.9	13.9	13.7	0.1	0.1	0.1	7.0
Schaeffler India	BUY	5,230	6,000	14.7	87	1.2	17	156	199	233	9.0	27.3	17.6	33.5	26.3	22.4	20.3	15.5	12.8	4.6	4.1	3.6	14.5	16.4	17.0	0.6	0.8	0.9	0.6
SKF	ADD	1,740	1,800	3.4	89	1.3	51	69	82	97	19.7	18.5	18.2	25.2	21.3	18.0	16.1	13.3	10.9	4.2	3.6	3.1	16.7	17.1	17.4	0.7	0.8	1.0	0.4
Tata Motors	BUY	269	425	58.1	913	12.2	3,396	22	36	39	10.7	62.7	8.0	12.2	7.5	6.9	3.7	3.1	2.8	0.9	0.8	0.7	7.6	11.2	10.8	—	—	—	59.3
Timken	SELL	717	660	(7.9)	49	0.7	68	19	25	30	42.3	27.5	21.8	37.2	29.2	24.0	20.6	16.4	13.6	5.9	5.0	4.1	17.1	18.5	18.8	0.1	0.1	0.2	0.4
TVS Motor	SELL	541	405	(25.2)	257	3.7	475	16	20	25	13.9	23.0	26.0	34.1	27.7	22.0	18.8	15.5	12.6	7.6	6.5	5.5	24.2	25.4	27.0	0.9	1.1	1.4	13.4
WABCO India	SELL	6,726	6,350	(5.6)	128	1.8	19	169	222	225	17.8	31.3	1.0	39.7	30.2	29.9	25.8	19.5	19.3	7.0	5.8	4.9	19.2	20.9	17.7	0.2	0.2	0.2	0.5
Automobiles		Neutral			10,386	148					19.4	25.5	11.0	22.3	17.7	16.0	10.0	8.2	7.3	3.4	2.9	2.6	15.1	16.5	16.1	0.9	1.1	1.2	398.4
Banks																													
Axis Bank	REDUCE	636	600	(5.6)	1,633	23.4	2,567	18	40	45	1,577.6	122.3	12.3	35.3	15.9	14.1	—	—	—	2.7	2.3	2.0	7.1	14.1	14.1	0.4	0.9	1.1	61.3
Bank of Baroda	NR	151	—	—	399	5.7	2,652	21	26	29	323.7	26.4	12.1	7.4	5.8	5.2	—	—	—	1.3	1.0	0.8	12.7	14.0	13.7	—	—	—	34.9
Canara Bank	ADD	284	300	5.5	208	3.0	733	(5)	51	68	91.6	1,147.0	33.3	(58.7)	5.6	4.2	—	—	—	1.7	1.0	0.7	(1.0)	10.1	12.0	—	—	—	27.6
City Union Bank	ADD	185	190	2.6	136	1.9	665	9	11	12	5.8	13.3	16.7	19.6	17.3	14.9	—	—	—	3.1	2.7	2.3	15.5	15.6	16.0	0.9	1.0	1.2	1.8
DCB Bank	ADD	174	205	18.0	54	0.8	308	10	12	16	28.2	21.0	33.1	17.0	14.1	10.6	—	—	—	2.0	1.8	1.6	11.7	12.7	14.9	0.6	0.7	0.9	4.2
Equitas Holdings	BUY	143	190	32.9	49	0.7	340	4.4	8.4	11.4	378.4	89.9	35.6	32.2	17.0	12.5	—	—	—	2.1	1.9	1.6	6.4	11.2	13.4	—	—	—	4.3
Federal Bank	BUY	82	130	58.8	162	2.3	1,972	5.7	7.9	9.7	29.5	39.5	22.9	14.5	10.4	8.4	—	—	—	1.3	1.2	1.1	8.8	11.4	12.8	1.6	2.2	2.7	16.6
HDFC Bank	REDUCE	2,096	2,000	(4.6)	5,681	81.4	2,595	78	94	112	15.7	20.0	19.1	26.9	22.4	18.8	—	—	—	3.9	3.5	3.1	16.7	16.2	17.0	0.7	0.9	1.0	87.4
ICICI Bank	BUY	339	400	18.0	2,180	31.2	6,429	8	26	31	(19.6)	209.1	19.2	40.0	12.9	10.9	—	—	—	2.3	1.9	1.7	5.1	14.5	15.5	0.5	1.5	1.8	96.4
IDFC Bank	NR	47	—	—	160	2.3	3,404	1.2	2.9	4.3	(52.7)	146.7	44.8	39.5	16.0	11.0	—	—	—	1.0	1.0	0.9	2.6	6.3	8.6	0.5	1.3	1.8	9.6
Indusind Bank	REDUCE	1,976	1,900	(3.8)	1,187	17.0	600	71	87	102	17.5	23.6	16.9	28.0	22.6	19.4	—	—	—	4.2	3.6	3.1	17.6	16.8	17.0	—	0.5	0.6	29.3
J&K Bank	BUY	57	100	75.6	32	0.5	557	7	11	15	82.4	63.8	33.5	8.6	5.2	3.9	—	—	—	0.7	0.6	0.6	5.9	9.1	11.2	2.3	3.8	5.1	0.4
Karur Vysya Bank	ADD	99	110	11.5	79	1.1	727	3	13	14	(32.3)	306.7	9.1	30.6	7.5	6.9	—	—	—	1.4	1.2	1.1	3.7	14.1	13.9	0.8	3.3	3.8	1.9
Punjab National Bank	ADD	84	90	7.6	231	3.3	2,761	(27)	12	18	40.4	145.3	46.9	(3.2)	7.0	4.7	—	—	—	4.2	1.4	0.8	(23.4)	10.7	13.8	—	—	—	38.9
RBL Bank	SELL	597	475	(20.4)	252	3.6	420	22	29	36	48.1	31.5	21.0	26.6	20.2	16.7	—	—	—	3.5	3.1	2.7	13.3	15.5	16.5	0.6	0.7	0.9	13.2
State Bank of India	BUY	307	370	20.5	2,740	39.3	8,925	8	37	53	204.8	380.5	42.7	39.9	8.3	5.8	—	—	—	2.0	1.5	1.1	3.1	13.6	16.7	—	0.1	0.2	99.7
Ujivan Financial Services	ADD	361	420	16.4	44	0.6	121	19	28	32	3,033.9	47.3	15.1	19.3	13.1	11.4	—	—	—	2.2	1.9	1.7	12.1	15.8	15.8	0.5	0.8	1.0	5.5
Union Bank	ADD	88	120	35.8	103	1.5	1,169	8	33	40	117.1	330.8	22.5	11.5	2.7	2.2	—	—	—	1.3	0.8	0.5	3.9	15.2	16.3	1.3	5.6	6.9	9.6
YES Bank	SELL	391	335	(14.4)	903	12.9	2,303	20	22	27	8.1</																		

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	
		21-Aug-18	(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	2019E	2020E
NBFCs																													
Bajaj Finance	SELL	2,872	2,000	(30.4)	1,660	23.8	575	68	90	114	56.6	31.9	27.3	42.3	32.0	25.2	—	—	—	8.6	7.0	5.6	22.4	24.0	24.6	0.2	0.3	0.4	54.6
Bajaj Finserv	REDUCE	7,117	6,100	(14.3)	1,133	16.2	159	245	307	376	39.7	25.2	22.5	29.0	23.2	18.9	—	—	—	4.6	3.9	3.2	17.5	18.1	18.6	0.2	0.2	0.2	19.1
Bharat Financial Inclusion	NA	1,209	—	—	169	2.4	139	43	54	69	31.1	27.2	25.8	28.2	22.2	17.6	—	—	—	4.6	3.7	3.0	17.9	18.5	19.0	—	—	—	10.1
Cholamandalam	REDUCE	1,478	1,500	1.5	231	3.3	156	90	110	136	44.8	22.1	23.4	16.4	13.4	10.9	—	—	—	3.8	3.1	2.5	24.5	24.3	24.3	0.7	0.9	1.1	7.4
HDFC	ADD	1,913	2,075	8.4	3,235	46.3	1,676	56	67	81	(25.8)	19.0	21.2	34.2	28.7	23.7	—	—	—	4.4	4.0	3.6	13.8	14.5	16.0	1.1	1.3	1.6	70.8
HDFC Standard Life Insurance	SELL	463	405	(12.5)	932	13.3	2,007	6	7	8	14.8	10.9	14.7	72.9	65.7	57.3	—	—	—	19.3	17.2	15.4	28.0	27.7	28.4	0.3	0.4	0.4	10.0
ICICI Lombard	SELL	793	620	(21.8)	360	5.2	454	26	32	37	37.1	21.5	18.5	30.5	25.1	21.2	—	—	—	6.7	5.6	4.7	23.8	24.2	24.0	0.8	0.9	1.1	2.4
ICICI Prudential Life	BUY	385	500	29.9	553	7.9	1,436	12	13	15	10.1	7.0	10.0	31.0	29.0	26.3	—	—	—	6.9	5.8	4.9	24.5	21.8	20.2	0.5	0.6	0.6	9.1
IIFL Holdings	SELL	718	625	(13.0)	229	3.3	319	38	45	52	31.5	18.6	16.0	19.1	16.1	13.9	—	—	—	3.4	2.9	#DVM!	20.5	20.0	20.0	1.1	1.3	1.5	1.6
L&T Finance Holdings	ADD	186	190	2.0	372	5.3	1,996	13	14	16	70.9	12.3	12.8	14.9	13.2	11.7	—	—	—	2.7	2.3	2.0	18.9	18.8	18.3	1.1	1.3	1.3	12.9
LIC Housing Finance	BUY	564	610	8.2	284	4.1	505	50	58	67	13.8	17.5	15.6	11.3	9.7	8.4	—	—	—	1.8	1.5	1.3	14.3	14.4	14.3	1.4	1.6	1.9	12.6
Magma Fincorp	BUY	145	190	31.1	39	0.6	237	13	17	21	34.0	31.8	23.0	11.1	8.4	6.9	—	—	—	1.4	1.3	1.1	13.9	15.8	17.0	1.3	1.8	2.2	1.0
Mahindra & Mahindra Financial	REDUCE	483	500	3.5	298	4.3	614	23	28	34	58.4	23.2	18.6	21.0	17.1	14.4	—	—	—	3.0	2.7	2.5	14.3	15.8	16.7	1.3	1.6	1.9	10.4
Max Financial Services	ADD	482	650	34.9	129	1.9	268	6	6	6	36.9	1.8	1.8	76.8	75.5	74.2	—	—	—	—	—	—	8.3	8.0	7.8	—	0.5	0.5	4.7
Muthoot Finance	ADD	406	480	18.2	163	2.3	400	38	40	46	(10.8)	4.0	15.7	10.6	10.2	8.8	—	—	—	1.8	1.6	1.4	18.4	16.9	17.2	2.2	2.3	2.6	4.2
PNB Housing Finance	REDUCE	1,396	1,325	(5.1)	234	3.3	167	62	75	92	25.3	20.9	22.4	22.4	18.5	15.1	—	—	—	3.3	2.9	2.4	15.2	15.9	17.0	0.2	0.2	0.2	4.9
SBI Life Insurance	ADD	670	785	17.1	670	9.6	1,000	15	18	21	26.0	22.9	17.0	46.1	37.5	32.1	—	—	—	8.8	7.3	6.1	20.6	21.3	20.9	0.3	0.4	0.5	3.3
Shriram City Union Finance	ADD	2,020	2,250	11.4	133	1.9	66	141	174	209	40.4	22.7	20.5	14.3	11.6	9.7	—	—	—	2.3	2.0	1.7	15.8	16.9	17.6	0.9	1.1	1.3	1.5
Shriram Transport	ADD	1,327	1,550	16.8	301	4.3	227	114	130	146	64.4	14.3	12.8	11.7	10.2	9.1	—	—	—	2.1	1.8	1.5	18.3	17.5	17.1	1.2	1.4	1.7	30.6
NBFCs	Neutral				11,125	159					14.9	19.5	19.5	28.3	23.7	19.8				4.6	4.0	3.4	16.1	16.8	17.3	0.7	0.8	1.0	601.6
Cement																													
ACC	SELL	1,640	1,270	(22.6)	308	4.4	188	62	70	81	27.0	13.8	15.2	26.5	23.3	20.2	14.8	12.7	10.8	3.0	2.8	2.5	11.9	12.5	13.1	1.0	1.0	1.0	16.2
Ambuja Cements	REDUCE	239	210	(12.3)	475	6.8	1,986	9	11	12	14.5	23.2	15.8	27.8	22.6	19.5	9.5	7.9	6.6	2.2	2.1	2.0	8.1	9.5	10.4	1.5	1.5	1.5	11.2
Dalmia Bharat	ADD	2,725	2,830	3.9	243	3.5	89	94	122	139	55.8	29.3	14.8	29.0	22.4	19.5	11.0	9.0	7.8	3.5	3.0	2.6	12.9	14.6	14.5	0.1	0.1	0.1	5.0
Grasim Industries	BUY	1,065	1,170	9.8	701	10.0	657	46	55	70	(2.5)	18.8	28.0	23.1	19.4	15.2	7.6	7.2	6.7	1.2	1.1	1.0	5.2	5.9	7.1	0.5	0.5	0.5	15.2
India Cements	REDUCE	121	118	(2.5)	37	0.5	308	4	8	12	28.0	102.6	41.3	29.0	14.3	10.1	9.0	7.1	5.9	0.7	0.7	0.6	2.5	4.8	6.5	0.8	0.8	0.8	8.5
J K Cement	ADD	801	890	11.1	56	0.8	70	45	79	78	3.7	75.4	(0.8)	17.9	10.2	10.3	10.4	8.6	7.0	2.5	2.1	1.8	15.0	22.3	18.5	1.0	1.0	1.0	0.5
JK Lakshmi Cement	ADD	337	370	9.8	40	0.6	118	11	28	37	153.5	147.9	30.5	29.7	12.0	9.2	10.2	6.7	5.5	2.6	2.1	1.8	8.9	19.5	21.0	0.6	0.6	0.6	0.3
Orient Cement	ADD	118	145	23.0	24	0.3	205	7	11	15	212.9	58.7	41.3	17.4	11.0	7.8	8.1	6.2	4.7	2.1	1.9	1.6	12.9	18.2	21.8	1.3	1.7	1.7	0.3
Shree Cement	SELL	17,820	12,500	(29.9)	621	8.9	35	421	630	760	6.0	49.7	20.6	42.3	28.3	23.4	19.7	14.8	12.1	6.1	5.1	4.3	15.4	19.7	19.8	0.3	0.3	0.3	5.2
UltraTech Cement	SELL	4,350	2,950	(32.2)	1,195	17.1	275	126	162	201	42.7	28.9	24.0	34.6	26.8	21.6	18.0	14.9	12.4	4.1	3.6	3.1	12.6	14.3	15.4	0.2	0.2	0.2	20.0
Cement	Cautious				3,699	53					19.5	30.3	21.8	29.9	22.9	18.8	11.3	9.7	8.4	2.5	2.3	2.1	8.4	10.0	11.0	0.5	0.5	0.5	82.5

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)
		21-Aug-18	(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	
Consumer products																													
Asian Paints	REDUCE	1,403	1,325	(5.6)	1,346	19.3	959	27	33	39	32.1	20.3	18.3	51.8	43.0	36.4	32.5	26.8	22.7	14.0	12.2	10.7	28.8	30.3	31.3	0.8	1.1	1.3	20.6
Bajaj Corp.	ADD	417	470	12.7	62	0.9	148	15	17	19	7.8	10.3	9.5	27.0	24.5	22.4	21.6	18.5	16.1	12.6	12.5	12.3	46.3	51.2	55.4	3.1	3.4	3.6	0.4
Britannia Industries	ADD	6,857	6,700	(2.3)	823	11.8	120	104	127	152	24.5	22.2	19.2	65.8	53.9	45.2	43.2	35.4	29.6	19.2	15.5	12.7	32.5	31.8	30.9	0.5	0.7	0.8	12.1
Coffee Day Enterprises	REDUCE	248	290	16.9	52	0.8	211	8	10	12	129.9	30.0	21.2	32.3	24.8	20.5	11.2	9.8	9.1	2.1	1.9	1.7	6.6	8.0	8.9	—	—	—	0.8
Colgate-Palmolive (India)	ADD	1,166	1,250	7.2	317	4.5	272	27	32	36	14.7	15.6	15.5	42.8	37.0	32.0	24.6	21.4	18.6	21.0	17.9	15.5	48.8	52.2	51.9	1.4	1.6	2.0	7.8
Dabur India	REDUCE	459	390	(15.0)	810	11.6	1,762	9	10	12	17.3	12.9	13.6	50.3	44.6	39.2	42.1	36.4	31.5	14.2	12.3	10.8	28.1	29.6	29.4	0.8	1.0	1.2	15.0
GlaxoSmithKline Consumer	ADD	7,110	7,300	2.7	299	4.3	42	199	223	246	19.5	12.1	10.1	35.7	31.9	28.9	25.0	21.5	18.9	7.7	7.0	6.4	22.8	23.0	23.1	1.3	1.5	1.8	2.0
Godrej Consumer Products	SELL	1,384	1,100	(20.5)	943	13.5	681	25	29	33	18.8	13.7	12.7	54.6	48.0	42.6	38.7	33.7	29.5	12.8	11.1	9.7	25.4	24.8	24.3	0.6	0.7	0.8	10.0
Hindustan Unilever	REDUCE	1,753	1,570	(10.4)	3,794	54.3	2,160	29	33	37	19.5	13.2	12.6	59.8	52.8	46.9	41.4	36.4	32.2	46.8	39.7	34.1	83.5	81.4	78.3	1.2	1.4	1.5	33.7
ITC	ADD	313	330	5.5	3,824	54.8	12,275	10	11	12	8.2	12.3	11.7	32.4	28.9	25.9	21.0	18.6	16.5	7.0	6.6	6.2	20.4	22.2	24.2	1.8	2.1	2.5	51.9
Jubilant Foodworks	BUY	1,520	1,650	8.6	201	2.9	132	25	35	46	73.6	37.5	32.3	60.1	43.7	33.1	30.2	22.8	17.4	14.9	11.4	8.6	28.9	29.5	29.7	0.1	0.2	0.3	35.6
Jyothy Laboratories	ADD	211	240	13.6	77	1.1	364	6	7	8	27.6	16.7	15.4	37.6	32.2	27.9	25.1	21.3	18.2	5.8	5.0	4.4	16.6	16.8	16.9	0.5	0.7	0.9	1.1
Marico	ADD	362	375	3.5	468	6.7	1,291	7	8	9	8.9	20.0	14.5	53.1	44.3	38.6	36.9	30.5	26.3	17.4	16.2	14.9	33.7	37.9	40.2	1.3	1.5	1.7	9.4
Nestle India	ADD	10,886	11,000	1.0	1,050	15.0	96	171	197	223	34.2	15.7	13.2	63.8	55.2	48.7	36.6	31.6	27.8	28.2	25.9	23.7	46.1	49.0	50.8	1.1	1.2	1.4	8.3
Page Industries	SELL	34,129	25,000	(26.7)	381	5.5	11	418	508	607	34.3	21.6	19.5	81.7	67.2	56.2	52.8	43.6	36.4	34.5	27.4	22.0	47.8	45.5	43.4	0.5	0.6	0.8	10.8
Pidlite Industries	REDUCE	1,145	1,080	(5.7)	582	8.3	508	21	26	31	16.8	21.8	20.2	54.4	44.6	37.1	36.2	29.9	24.8	13.8	11.6	9.7	27.4	28.2	28.4	0.6	0.7	0.8	13.5
S H Kelkar and Company	BUY	223	290	30.2	32	0.5	145	7	10	12	(6.2)	41.9	23.2	32.1	22.6	18.3	20.7	14.9	12.8	3.5	3.1	2.8	11.3	14.5	16.0	0.8	0.9	1.2	0.4
Tata Global Beverages	REDUCE	241	250	3.9	152	2.2	631	8	9	10	7.7	17.0	12.9	30.4	26.0	23.0	16.7	14.6	13.0	2.1	2.0	1.9	7.0	7.9	8.5	1.2	1.5	1.7	11.6
Titan Company	SELL	916	840	(8.3)	813	11.7	888	16	20	23	25.6	21.8	19.3	57.1	46.9	39.3	37.9	30.2	24.8	13.5	11.3	9.6	25.6	26.3	26.4	0.5	0.6	0.8	35.7
United Breweries	SELL	1,374	1,100	(20.0)	363	5.2	264	21	25	31	38.9	22.3	20.5	66.3	54.2	45.0	32.5	28.1	24.1	11.5	9.7	8.2	18.7	19.4	19.8	0.2	0.3	0.4	13.7
United Spirits	REDUCE	622	590	(5.1)	452	6.5	727	10	13	17	34.7	30.9	24.5	60.7	46.4	37.2	35.2	28.6	24.1	12.4	9.1	7.0	24.2	22.7	21.3	—	—	0.4	17.2
Varun Beverages	ADD	817	800	(2.1)	149	2.1	183	15	20	26	29.8	34.5	30.7	54.6	40.6	31.1	17.9	15.3	12.9	7.5	6.5	5.5	14.6	17.1	19.0	—	—	0.2	1.6
Consumer products	Cautious				16,990	243					17.7	15.9	14.7	47.8	41.2	36.0	31.0	26.6	23.2	12.5	11.2	10.0	26.2	27.1	27.8	1.1	1.3	1.5	313.3
Energy																													
BPCL	REDUCE	369	375	1.7	800	11.5	1,967	38	39	39	(6.7)	3.1	1.1	9.8	9.5	9.4	7.1	6.7	6.6	1.9	1.7	1.6	20.5	19.1	17.5	4.1	4.2	4.2	29.8
Castrol India	SELL	160	155	(3.3)	158	2.3	989	7	8	9	2.9	10.1	9.7	22.7	20.6	18.8	14.2	12.8	11.6	14.9	14.5	14.0	67.1	71.5	76.0	3.4	3.9	4.2	4.2
GAIL (India)	BUY	378	440	16.4	853	12.2	2,255	26	29	31	27.8	10.0	9.5	14.5	13.2	12.0	9.0	8.3	7.5	1.9	1.8	1.6	14.0	14.1	14.2	2.2	2.5	2.8	24.1
GSPL	SELL	190	175	(7.7)	107	1.5	564	11	11	12	(6.5)	(0.5)	11.9	17.1	17.2	15.4	6.4	6.4	5.7	1.9	1.8	1.6	11.7	10.7	10.9	0.9	0.9	1.0	1.5
HPCL	REDUCE	267	285	6.8	407	5.8	1,524	32	32	32	(22.3)	(2.2)	0.5	8.2	8.4	8.4	7.2	7.6	7.9	1.5	1.4	1.3	19.6	17.4	16.1	5.0	4.8	4.9	27.3
Indraprastha Gas	SELL	285	240	(15.9)	200	2.9	700	12	13	15	16.4	12.3	10.7	23.8	21.2	19.1	15.1	13.3	11.8	4.9	4.3	3.8	22.1	21.5	20.9	0.9	1.1	1.4	11.7
IOCL	REDUCE	158	150	(4.9)	1,533	22.0	9,479	18	17	18	(11.2)	(4.1)	2.8	8.7	9.0	8.8	5.0	4.9	4.8	1.3	1.2	1.1	15.1	13.4	12.9	4.6	4.4	4.6	23.2
Mahanagar Gas	ADD	902	965	7.0	89	1.3	99	56	60	64	16.0	7.6	5.4	16.1	14.9	14.2	9.3	8.5	7.9	3.7	3.3	3.0	24.8	23.5	22.0	2.4	2.7	2.8	5.1
ONGC	ADD	170	200	17.5	2,184	31.3	12,833	20	20	19	16.8	0.3	(5.9)	8.4	8.3	8.9	4.0	3.8	3.8	0.9	0.9	0.8	11.2	10.6	9.5	4.0	4.1	4.1	18.3
Oil India	SELL	206	200	(3.0)	234	3.4	1,135	23	24	23	(6.7)	3.4	(2.5)	8.9	8.6	8.9	5.9	5.6	5.6	0.8	0.8	0.7	9.2	9.0	8.4	4.5	4.6	4.5	2.9
Petronet LNG	BUY	228	280	22.6	343	4.9	1,500	16	18	20	16.7	13.1	9.4	14.1	12.5	11.4	9.4	8.0	7.1	3.1	2.7	2.5	23.3	23.2	22.7	2.5	3.2	4.0	10.9
Reliance Industries	SELL	1,247	985	(21.0)	7,377	105.7	5,922	69	78	87	17.6	12.4	11.9	17.9	16.0	14.3	12.0	10.3	8.7	2.2	2.0	1.8	12.2	12.1	12.1	0.5	0.5	0.6	124.3
Energy	Attractive				14,283	205					7.2	5.2	4.8	12.9	12.3	11.7	7.8	7.2	6.6	1.7	1.5	1.4	13.0	12.5	12.0	2.0	2.1	2.2	283.4

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)
		21-Aug-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	1,272	1,020	(19.8)	270	3.9	212	26	29	36	30.1	14.2	23.5	49.4	43.2	35.0	28.9	25.9	21.5	6.9	6.2	5.5	14.5	15.1	16.7	0.7	0.7	0.7	1.1
BHEL	REDUCE	76	78	3.3	277	4.0	3,671	2.6	5.0	7.4	16.5	95.3	48.5	29.5	15.1	10.2	8.1	4.3	3.2	0.8	0.8	0.8	2.9	5.6	8.3	2.8	5.5	8.1	9.9
Carborundum Universal	SELL	371	322	(13.1)	70	1.0	189	14	17	20	25.0	21.4	13.8	26.0	21.4	18.8	14.2	11.6	10.1	4.0	3.6	3.2	16.3	17.8	18.1	1.2	1.4	1.6	0.4
CG Power and Industrial	BUY	61	72	17.8	38	0.5	627	2.9	4.3	6.2	25.2	48.7	44.9	21.1	14.2	9.8	8.3	6.6	5.2	1.4	1.4	1.3	6.7	9.8	13.3	—	—	—	8.2
Crompton Greaves Consumer	SELL	264	215	(18.5)	165	2.4	627	6.2	7.5	8.8	19.5	20.7	17.4	42.7	35.4	30.1	26.6	22.6	19.2	14.6	11.2	8.5	40.4	35.8	32.3	0.8	0.9	—	2.5
Cummins India	REDUCE	752	710	(5.6)	208	3.0	277	28	33	37	15.2	17.5	13.7	27.0	23.0	20.2	22.7	19.5	16.8	4.9	4.6	4.3	18.7	20.6	21.8	2.0	2.4	2.7	4.1
Havells India	SELL	700	485	(30.7)	438	6.3	625	14	17	20	26.6	20.5	17.6	49.9	41.4	35.2	32.0	26.1	22.0	10.3	9.0	7.9	22.0	23.2	23.9	0.7	0.8	1.0	13.3
Kalpataru Power Transmission	BUY	365	560	53.5	56	0.8	153	23	32	41	26.0	39.1	27.7	15.8	11.4	8.9	7.0	5.5	4.6	1.9	1.6	1.4	12.5	15.2	16.7	0.4	0.4	0.4	0.7
KEC International	BUY	316	410	29.8	81	1.2	257	21	27	33	16.9	29.7	23.0	15.1	11.6	9.5	8.4	6.8	5.8	3.3	2.6	2.1	24.1	25.2	24.9	0.7	0.9	1.1	2.8
L&T	BUY	1,322	1,600	21.0	1,853	26.5	1,401	63	70	88	21.7	10.9	25.5	21.0	18.9	15.1	16.6	16.0	13.6	3.4	3.0	2.7	16.8	16.8	19.0	1.7	1.9	2.4	46.3
Siemens	SELL	1,030	1,000	(2.9)	367	5.3	356	29	35	—	21.4	21.7	—	35.4	29.1	—	20.1	16.2	—	4.2	3.9	—	12.3	14.0	—	1.2	1.4	—	3.0
Thermax	REDUCE	1,000	1,010	1.0	119	1.7	113	28	39	44	34.7	39.2	13.2	36.0	25.9	22.8	22.8	16.9	14.5	3.9	3.5	3.2	11.1	14.3	14.7	0.9	1.1	1.2	0.8
Volta	SELL	613	530	(13.5)	203	2.9	331	17	21	25	0.4	18.8	18.9	35.3	29.7	25.0	26.4	21.6	18.1	4.7	4.2	3.7	13.9	14.8	15.7	0.6	0.7	0.8	12.8
Industrials	Neutral				4,145	59					21.7	20.7	17.6	26.6	22.0	18.7	17.1	14.9	12.3	3.3	3.0	2.9	12.3	13.7	15.8	1.4	1.8	2.0	105.9
Infrastructure																													
Adani Ports and SEZ	BUY	378	460	21.7	783	11.2	2,071	19	23	29	1.2	21.1	29.8	20.2	16.7	12.9	13.7	11.4	10.0	3.2	2.7	2.3	17.0	17.7	19.4	0.5	0.5	0.5	23.8
Ashoka Buildcon	BUY	142	235	66.0	40	0.6	282	9	10	10	4.1	17.8	(1.3)	16.2	13.7	13.9	10.5	8.8	8.1	1.8	1.6	1.5	11.8	12.3	11.0	1.2	0.9	0.9	0.6
Container Corp.	SELL	635	635	0.0	309	4.4	487	21	25	29	17.4	20.9	15.0	30.6	25.4	22.1	18.8	14.9	12.3	3.1	2.8	2.6	10.3	11.6	12.3	1.4	1.6	1.6	6.7
Dilip Buildcon	BUY	856	1,230	43.7	117	1.7	137	54	71	85	17.2	31.0	19.7	15.7	12.0	10.0	7.8	6.3	5.3	3.6	2.8	2.2	26.1	26.1	24.2	—	—	—	8.6
Gateway Distriparks	BUY	184	250	36.0	20	0.3	109	7	8	11	(5.8)	15.2	37.5	25.6	22.3	16.2	11.4	9.4	7.8	3.5	3.0	2.6	9.8	14.5	17.1	—	1.6	1.6	0.7
Gujarat Pipavav Port	BUY	108	150	38.5	52	0.7	483	5.3	6.5	7.8	29.7	22.9	19.3	20.3	16.5	13.8	10.8	8.8	7.3	2.5	2.5	2.4	12.7	15.3	17.8	4.1	5.0	5.9	0.8
IRB Infrastructure	BUY	191	320	67.5	67	1.0	351	31	33	23	36.8	7.1	(31.3)	6.2	5.8	8.4	6.5	7.0	8.3	1.0	0.9	0.8	17.6	16.3	10.0	1.6	2.1	2.2	5.8
Mahindra Logistics	REDUCE	564	565	0.2	40	0.6	71	15	21	25	50.7	39.3	23.7	38.1	27.4	22.1	21.2	15.4	12.2	7.9	6.4	5.2	22.7	25.8	25.8	—	—	—	0.6
Sadbhav Engineering	BUY	269	435	62.0	46	0.7	172	17	22	23	31.7	31.0	2.6	15.8	12.1	11.8	11.5	9.0	7.6	2.2	1.9	1.6	14.5	16.5	14.7	—	—	—	0.8
Infrastructure	Attractive				1,474	21					11.1	20.6	16.7	19.2	15.9	13.6	11.8	10.0	9.1	2.8	2.5	2.1	14.8	15.5	15.7	0.8	1.0	1.0	48.4
Internet																													
Info Edge	ADD	1,515	1,425	(6.0)	185	2.6	122	26	33	40	14.9	27.5	20.6	58.6	46.0	38.1	44.6	33.7	27.4	6.9	6.3	5.6	13.2	14.3	15.6	0.5	0.5	0.7	2.5
Just Dial	ADD	568	610	7.4	38	0.5	67	26	30	33	23.0	15.0	9.4	21.7	18.9	17.3	12.3	10.0	8.5	3.4	2.9	2.5	16.7	16.6	15.7	—	0.5	0.6	47.0
Internet	Cautious				223	3					17.6	23.0	16.8	45.5	37.0	31.6	33.4	26.3	22.0	5.9	5.3	4.5	12.9	14.2	14.7	0.5	0.5	0.6	49.5
Media																													
DB Corp.	REDUCE	249	270	8.2	46	0.7	184	20	23	26	14.9	12.3	14.8	12.3	11.0	9.6	6.7	5.9	—	2.5	2.4	—	20.7	22.3	25.2	6.8	8.4	10.1	0.6
DishTV	ADD	73	90	24.0	134	1.9	1,925	1.8	3.4	4.9	514.6	88.2	42.6	NM	21.1	14.8	6.2	5.0	4.0	2.0	1.8	1.6	5.1	8.9	11.5	—	—	—	7.6
Jagran Prakashan	REDUCE	122	131	7.2	36	0.5	311	11	12	14	10.0	13.6	14.5	11.5	10.1	8.9	5.0	4.3	3.7	1.9	1.8	1.7	15.9	18.2	19.7	4.1	6.1	7.0	0.6
PVR	BUY	1,306	1,430	9.5	61	0.9	47	38	50	61	41.2	32.3	22.4	34.5	26.0	21.3	13.2	11.3	9.5	5.0	4.2	3.6	15.3	17.6	18.3	0.3	0.4	0.5	11.0
Sun TV Network	REDUCE	800	925	15.6	315	4.5	394	35	39	43	20.7	10.9	10.7	23.0	20.8	18.8	15.6	13.6	11.7	6.1	5.5	5.0	28.1	27.9	27.9	2.2	2.5	2.8	19.5
Zee Entertainment Enterprises	ADD	515	600	16.5	495	7.1	960	17	20	22	11.3	17.0	13.9	30.8	26.3	23.1	19.1	16.2	14.0	5.8	5.1	4.5	19.9	20.6	20.7	0.9	1.1	1.4	17.1
Media	Attractive				1,087	16					28.7	21.0	17.2	26.0	21.5	18.4	12.4	10.6	8.8	4.2	3.8	3.6	16.3	17.7	19.8	1.5	1.8	2.1	56.4

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)
		21-Aug-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	
Metals & Mining																													
Coal India	ADD	291	326	11.9	1,809	25.9	6,207	27	28	28	138.2	3.0	0.7	10.8	10.5	10.4	7.0	6.6	6.3	6.8	7.1	7.3	66.1	66.4	69.1	6.9	8.6	8.6	15.2
Hindalco Industries	BUY	226	305	34.7	508	7.3	2,229	27	31	34	25.1	13.6	10.2	8.3	7.3	6.6	5.5	4.8	4.2	0.8	0.8	0.7	10.6	10.8	10.8	0.5	0.5	0.5	34.4
Hindustan Zinc	ADD	284	290	2.0	1,202	17.2	4,225	22	26	27	3.7	14.7	5.4	12.8	11.1	10.5	7.4	6.1	5.3	2.9	2.5	2.2	24.4	24.2	22.1	2.8	2.8	2.8	7.6
Jindal Steel and Power	REDUCE	206	215	4.5	199	2.9	968	8	14	22	195.9	68.5	60.8	25.3	15.0	9.3	6.8	6.2	5.3	0.7	0.6	0.6	2.7	4.3	6.5	—	—	—	28.8
JSW Steel	ADD	342	350	2.4	826	11.8	2,417	30	27	30	10.2	(8.7)	11.7	11.6	12.7	11.3	7.1	7.8	6.6	2.4	2.0	1.8	22.4	17.3	16.7	1.0	1.0	1.0	20.1
National Aluminium Co.	ADD	73	80	10.3	140	2.0	1,933	9	7	8	125.8	(21.1)	2.4	7.8	9.9	9.6	3.6	4.6	4.5	1.3	1.3	1.3	16.8	13.0	13.3	8.3	8.3	8.3	10.2
NMDC	REDUCE	104	120	15.7	328	4.7	3,164	12	10	11	4.2	(14.3)	5.9	8.5	9.9	9.4	5.2	6.0	5.5	1.3	1.2	1.1	15.3	12.4	12.5	5.3	5.3	5.3	4.8
Tata Steel	ADD	582	660	13.4	667	9.6	1,205	76	85	94	12.8	12.1	10.9	7.7	7	6.2	5.9	6.2	5.9	1.0	0.9	0.8	14.3	14.3	14.4	1.7	1.7	1.7	72.0
Vedanta	BUY	219	370	69.1	814	11.7	3,717	32	39	38	49.1	19.7	(0.7)	6.8	5.7	5.7	4.6	3.7	3.4	1.2	1.0	0.9	18.0	19.4	17.2	4.4	5.3	5.2	51.2
Metals & Mining	Attractive				6,493	93					41.7	7.7	5.9	9.7	9.0	8.5	6.0	5.6	5.2	1.7	1.6	1.5	18.0	17.8	17.1	3.8	4.4	4.4	244.3
Pharmaceutical																													
Apollo Hospitals	ADD	1,183	1,090	(7.8)	165	2.4	139	20	27	33	133.5	36.7	21.6	60.0	43.9	36.1	20.7	17.5	15.4	4.8	4.4	4.1	8.2	10.5	11.8	0.4	0.6	0.7	12.0
Aster DM Healthcare	BUY	184	240	30.5	93	1.3	505	5	8	12	74.4	62.0	51.4	38.3	23.6	15.6	13.5	10.6	8.3	3.0	2.7	2.4	8.3	12.2	16.3	—	—	—	0.3
Aurobindo Pharma	ADD	663	640	(3.4)	388	5.6	584	40	48	54	(4.5)	20.1	13.1	16.6	13.8	12.2	11.1	9.3	7.9	2.8	2.4	2.0	18.4	17.3	16.8	0.8	0.9	1.1	22.7
Biocon	SELL	612	330	(46.1)	367	5.3	601	8	15	18	35.9	75.7	21.7	72.7	41.4	34.0	31.6	21.2	18.0	6.1	5.5	4.9	8.7	13.9	14.3	0.5	0.8	1.0	22.6
Cipla	BUY	650	680	4.6	524	7.5	805	24	31	40	34.5	31.0	29.4	27.6	21.1	16.3	15.5	12.3	9.7	3.3	2.9	2.6	12.4	14.6	15.7	0.7	1.0	1.3	27.0
Dr Lal Pathlabs	REDUCE	1,045	900	(13.9)	87	1.2	83	24	29	34	19.0	17.9	18.4	42.9	36.4	30.8	26.5	22.2	18.2	9.2	7.7	6.5	23.4	23.1	22.9	0.5	0.5	0.7	1.5
Dr Reddy's Laboratories	REDUCE	2,411	2,150	(10.8)	400	5.7	166	89	118	141	50.2	32.8	19.3	27.2	20.5	17.2	13.7	9.7	8.1	2.9	2.6	2.3	11.1	12.6	13.3	0.6	0.7	0.9	37.1
HCG	REDUCE	243	290	19.3	21	0.3	85	2	4	7	39.8	80.3	80.8	111.2	61.7	34.1	18.0	14.9	11.5	3.9	3.6	3.3	3.5	6.1	10.1	—	—	—	0.2
Laurus Labs	ADD	453	500	10.5	48	0.7	106	16	29	34	2.4	79.9	17.5	27.9	15.5	13.2	12.8	8.9	7.8	2.9	2.4	2.1	10.9	17.1	15.6	—	—	—	0.6
Lupin	REDUCE	889	800	(10.0)	402	5.8	450	27	39	50	(28.9)	44.0	27.4	32.8	22.8	17.9	15.3	11.1	8.9	2.7	2.5	2.2	8.6	11.4	12.4	0.5	0.7	0.8	42.2
Narayana Hrudayalaya	ADD	245	265	8.1	50	0.7	204	3	6	9	23.0	103.2	40.7	79.3	39.0	27.7	22.5	15.8	12.7	4.6	4.1	3.6	5.9	11.0	13.7	—	—	—	0.3
Sun Pharmaceuticals	REDUCE	635	520	(18.1)	1,524	21.8	2,406	17	24	29	11.1	42.5	20.5	37.7	26.4	21.9	20.6	15.2	12.7	3.7	3.3	2.9	10.2	13.1	13.3	0.5	0.8	0.9	59.7
Torrent Pharmaceuticals	NR	1,747	—	—	296	4.2	169	47	61	81	18.0	29.6	32.1	37.0	28.5	21.6	16.1	13.8	11.4	5.6	4.9	4.2	15.3	17.2	19.3	0.6	0.8	1.1	7.4
Pharmaceuticals	Neutral				4,365	63					11.3	37.2	22.7	32.9	24.0	19.6	17.0	13.0	10.8	3.6	3.2	2.8	10.9	13.2	14.3	0.5	0.8	0.9	233.7
Real Estate																													
Brigade Enterprises	BUY	195	290	48.5	27	0.4	136	9	15	17	(17.0)	59.2	15.8	21.3	13.4	11.5	13.3	10.3	8.3	1.1	1.1	1.0	5.4	8.1	8.8	1.3	1.3	1.3	0.3
DLF	RS	208	—	—	371	5.3	1,784	5.3	23.9	14.1	(87.2)	354.6	(41.0)	39.6	8.7	14.8	54.9	9.6	18.0	1.0	0.9	0.9	2.6	11.3	6.2	1.0	1.0	1.0	17.4
Godrej Properties	SELL	706	400	(43.3)	162	2.3	216	13.3	15.8	18.2	(38.9)	19.1	15.2	53.3	44.7	38.8	313.6	163.3	134.6	4.6	4.1	3.7	10.5	9.7	10.1	—	—	—	1.9
Oberoi Realty	BUY	475	560	17.8	173	2.5	340	62	44	66	385.4	(28.0)	49.3	7.7	10.7	7.2	10.6	13.3	5.9	1.7	1.5	1.3	27.4	15.2	19.2	0.4	0.4	0.4	2.2
Prestige Estates Projects	ADD	247	315	27.6	93	1.3	375	19	21	11	(24.2)	8.4	—	13.0	12.0	23.2	10.5	10.7	14.4	0.9	0.9	—	14.6	14.9	7.3	1.2	1.2	0.6	1.0
Sobha	REDUCE	468	510	9.0	44	0.6	95	23	36	24	(48.8)	51.7	(32.6)	19.9	13.1	19.5	11.9	9.3	11.7	2.1	1.8	1.7	9.0	14.8	9.1	1.5	1.5	1.5	1.7
Sunteck Realty	REDUCE	488	360	(26.2)	71	1.0	140	19	19	39	22.4	1.6	106.6	26.1	25.7	12.4	21.6	20.9	9.3	2.4	2.2	1.9	9.5	8.9	16.2	0.2	0.2	0.2	2.0
Real Estate	Neutral				941	13					(53.1)	65.1	(14.4)	20.1	12.2	14.2	20.7	12.2	13.6	1.4	1.3	1.3	7.1	10.6	9.0	0.7	0.7	0.6	26.5

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	
		21-Aug-18	(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	(US\$ mn)	
Technology																													
HCL Technologies	REDUCE	1,005	1,025	2.0	1,399	20.0	1,409	70	74	77	12.8	5.0	5.0	14.3	13.6	13.0	9.4	8.5	7.9	3.2	2.8	2.5	24.2	21.8	20.5	0.8	3.1	3.3	31.0
Hexaware Technologies	SELL	491	435	(11.4)	146	2.1	302	20	23	25	18.4	18.0	10.0	25.1	21.2	19.3	18.8	14.9	13.1	6.4	5.5	4.7	27.4	27.8	26.3	1.6	1.6	2.0	13.0
Infosys	ADD	1,384	1,400	1.2	3,023	43.3	2,175	71	78	85	9.7	10.4	9.1	19.5	17.7	16.2	13.4	12.0	10.7	4.4	4.0	3.6	23.0	23.5	23.3	3.1	2.8	3.0	83.4
L&T Infotech	ADD	1,900	2,000	5.3	329	4.7	175	83	94	109	30.5	13.0	16.5	22.9	20.3	17.4	17.6	14.9	12.6	6.9	5.6	4.6	33.5	30.7	29.2	1.3	1.4	1.6	4.5
Mindtree	ADD	1,038	1,115	7.4	170	2.4	165	43	53	62	24.9	23.6	15.9	24.1	19.5	16.8	15.1	12.2	10.4	5.3	4.5	3.9	23.9	25.2	24.9	1.2	1.5	1.8	23.4
Mphasis	SELL	1,197	825	(31.1)	231	3.3	193	53	57	59	20.5	7.1	4.6	22.7	21.2	20.2	16.7	14.9	13.8	4.4	4.0	3.7	18.7	19.9	19.2	1.7	2.1	2.5	6.4
TCS	REDUCE	2,018	1,790	(11.3)	7,725	110.7	3,829	82	89	96	21.2	8.8	7.4	24.7	22.7	21.1	18.1	16.7	15.5	7.8	7.6	7.5	33.4	33.8	35.9	2.0	3.5	3.8	96.4
Tech Mahindra	ADD	709	785	10.7	626	9.0	891	46	55	61	8.3	18.2	11.1	15.4	13.0	11.7	9.2	7.5	6.4	2.9	2.5	2.1	20.2	20.5	19.5	1.3	1.4	1.6	37.6
Wipro	REDUCE	289	295	2.3	1,305	18.7	4,507	19	22	23	11.8	14.6	7.7	15.2	13.3	12.3	9.6	8.4	7.7	2.3	2.2	2.0	16.4	16.8	16.8	0.5	3.5	3.8	12.4
Technology	Cautious				14,954	214					13.1	9.7	8.0	20.7	18.8	17.4	14.2	12.8	11.7	4.9	4.6	4.2	23.8	24.2	24.2	1.9	3.1	3.3	308.1
Telecom																													
Bharti Airtel	ADD	368	445	20.8	1,472	21.1	3,997	(6)	(4)	5	(221.5)	28.8	215.1	(64.0)	(90.0)	78.2	9.6	8.1	6.5	2.2	2.3	2.3	(3.4)	(2.5)	2.9	0.3	(0.2)	0.3	26.0
Bharti Infratel	REDUCE	288	285	(0.9)	532	7.6	1,850	13	12	13	(4.8)	(8.5)	7.7	22.0	24.0	22.3	8.2	8.7	8.2	3.3	3.3	3.2	14.6	13.7	14.6	3.7	3.4	3.6	11.2
IDEA	REDUCE	53	45	(14.9)	231	3.3	4,359	(17)	(17)	(15)	(75.6)	(2.4)	11.4	(3.2)	(3.1)	(3.5)	34.8	29.5	18.4	1.0	1.6	2.9	(29.7)	(41.1)	(59.4)	—	—	—	15.2
Tata Communications	ADD	550	660	20.0	157	2.2	285	0	3	7	(77.5)	694.2	123.5	1,485	187.0	83.7	10.9	9.6	8.6	(68.3)	(92.8)	(1,797.8)	7.8	(42.1)	(211.0)	1.2	1.4	1.4	3.9
Telecom	Cautious				2,391	34					(2,384.5)	5.0	68.0	(33.3)	(35.0)	(109.6)	10.9	9.6	7.9	2.3	2.5	2.7	(6.9)	(7.2)	(2.4)	1.0	0.6	1.0	56.3
Utilities																													
CESC	BUY	1,007	1,180	17.1	134	1.9	133	115	128	141	31.7	11.6	10.1	8.8	7.9	7.1	6.0	5.3	4.7	0.9	0.8	0.7	10.0	10.4	10.5	1.3	1.3	1.3	5.5
JSW Energy	REDUCE	68	70	3.3	111	1.6	1,640	5.1	6.5	6.6	65.9	26.8	2.9	13.3	10.5	10.2	5.7	4.7	4.3	0.9	0.9	0.8	7.2	8.5	8.0	—	—	—	1.6
NHPC	ADD	26	30	16.5	264	3.8	10,260	3.1	3.2	3.4	26.9	1.8	8.0	8.3	8.2	7.6	7.5	7.3	7.8	0.8	0.8	0.8	10.4	10.2	10.6	6.8	6.8	5.8	2.0
NTPC	BUY	161	190	18.1	1,326	19.0	8,245	15	16	18	30.9	4.4	16.5	10.8	10.3	8.9	8.7	8.1	6.8	1.2	1.1	1.0	11.6	11.3	12.2	2.8	2.9	3.4	12.5
Power Grid	BUY	188	250	33.3	981	14.1	5,232	19	21	23	19.3	13.6	7.6	10.0	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	26.2
Tata Power	BUY	72	90	24.4	196	2.8	2,705	6.0	7.0	10.9	(43.7)	15.6	57.0	12.0	10.4	6.6	10.6	10.2	8.9	1.2	1.0	0.9	10.1	10.6	14.6	—	—	—	4.2
Utilities	Attractive				3,012	43					18.6	8.8	14.1	10.3	9.5	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	52.1

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)
		21-Aug-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	
Others																													
Aditya Birla Fashion and Retail	BUY	190	220	15.7	147	2.1	773	2	4	6	50.6	59.1	53.5	82.8	52.1	33.9	24.3	18.9	15.3	11.6	9.5	7.4	15.0	20.0	24.5	—	—	—	3.3
Astral Poly Technk	SELL	1,130	640	(43.4)	135	1.9	120	19	25	29	30.2	28.8	16.1	59.2	46.0	39.6	31.8	25.3	21.5	10.4	8.6	7.1	19.8	20.5	19.7	0.1	0.1	0.1	1.2
Avenue Supermarts	SELL	1,588	860	(45.8)	991	14.2	624	16	20	26	28.6	26.4	27.5	98.2	77.7	60.9	56.7	44.5	35.0	17.5	14.3	11.6	19.6	20.3	21.0	—	—	—	—
Bayer Cropscience	REDUCE	4,061	4,100	1.0	160	2.3	34	106	130	154	20.5	23.1	18.3	38.5	31.3	26.4	28.2	22.9	19.1	6.8	5.8	5.0	18.9	20.0	20.3	0.5	0.6	0.8	0.5
Dhanuka Agritech	ADD	557	650	16.6	27	0.4	49	27	31	34	3.9	15.4	10.8	20.9	18.1	16.3	15.3	12.5	10.9	3.7	3.2	2.8	19.2	19.2	18.5	1.0	1.2	1.3	0.2
Godrej Agrovet	ADD	595	640	7.5	114	1.6	189	15	19	23	28.9	28.8	21.1	40.1	31.1	25.7	21.7	17.0	14.2	5.9	5.0	4.3	15.7	17.4	17.9	0.4	0.5	0.6	1.1
Godrej Industries	RS	620	—	—	208	3.0	336	16	20	—	8.9	24.2	—	39.0	31.4	—	31.9	34.7	—	5.1	4.5	—	13.9	15.1	—	0.3	0.3	—	4.8
InterGlobe Aviation	BUY	1,075	1,220	13.5	413	5.9	383	50	83	99	(17.9)	65.3	19.5	21.5	13.0	10.9	12.3	7.0	5.6	4.7	3.6	2.8	24.1	31.1	28.6	0.5	0.8	0.9	21.5
Kaveri Seed	SELL	632	515	(18.6)	42	0.6	66	34	34	37	7.3	0.1	8.3	18.4	18.4	17.0	15.5	14.8	13.3	4.4	3.8	3.3	26.4	22.4	21.0	1.3	1.6	1.6	5.7
PI Industries	BUY	780	875	12.2	108	1.5	138	31	40	48	17.9	26.8	21.5	24.9	19.6	16.2	17.7	13.8	11.2	4.7	3.9	3.2	20.5	21.7	21.9	0.5	0.6	0.7	1.5
Rallis India	ADD	191	220	15.0	37	0.5	195	10	12	13	17.2	19.4	9.7	18.9	15.9	14.5	12.4	10.5	9.2	2.9	2.6	2.3	15.8	17.1	16.9	1.9	2.1	2.3	0.8
SIS	REDUCE	1,115	1,130	1.3	82	1.2	73	33	40	48	48.5	21.1	17.8	33.5	27.6	23.4	21.0	17.6	14.7	6.6	5.5	4.5	21.8	21.7	21.1	0.3	0.3	0.4	0.6
SRF	BUY	1,963	2,200	12.1	113	1.6	57	100	132	150	23.8	32.2	14.1	19.7	14.9	13.1	11.4	9.1	7.7	2.8	2.4	2.1	15.0	17.3	17.0	0.7	0.7	0.8	12.2
Tata Chemicals	ADD	708	760	7.3	180	2.6	255	44	51	56	(15.3)	14.6	11.5	16.1	14.0	12.6	6.7	5.6	4.7	1.5	1.4	1.3	9.7	10.3	10.8	2.1	2.4	2.4	7.1
TeamLease Services	SELL	2,615	1,785	(31.7)	45	0.6	17	58	75	96	34.2	29.0	28.7	45.2	35.0	27.2	45.8	34.8	26.8	8.3	6.7	5.4	20.1	21.1	21.9	—	—	—	1.5
UPL	ADD	646	660	2.2	329	4.7	507	49	55	60	14.0	12.1	9.6	13.2	11.8	10.7	8.9	7.6	6.5	2.9	2.5	2.1	24.6	22.9	21.1	1.5	1.7	1.9	23.1
Vardhman Textiles	ADD	1,135	1,300	14.5	65	0.9	56	118	130	142	14.8	9.7	9.8	9.6	8.7	8.0	7.2	6.5	5.8	1.2	1.1	1.0	13.1	13.0	13.0	1.8	2.6	2.6	1.0
Whirlpool	SELL	1,743	1,350	(22.6)	221	3.2	127	37	46	56	33.9	24.7	20.2	47.1	37.8	31.4	28.9	23.0	18.8	10.2	8.5	7.2	23.7	24.5	24.8	0.4	0.5	1.0	1.2
Others					3,418		49				7.1	27.4	11.5	30.6	24.0	21.5	18.4	14.5	11.6	5.1	4.3	3.9	16.7	18.1	18.2	0.5	0.6	0.7	87.2
KIE universe					115,220		1,650				23.8	27.1	14.3	22.5	17.7	15.5	11.2	9.9	8.9	2.9	2.6	2.4	12.8	14.7	15.2	1.3	1.6	1.8	
KIE universe (ex-energy)					100,936		1,446				29.3	33.1	16.3	25.1	18.8	16.2	12.4	10.8	9.6	3.2	2.9	2.6	12.8	15.3	16.1	1.2	1.6	1.8	

Notes:

(a) We have used adjusted book values for banking companies.

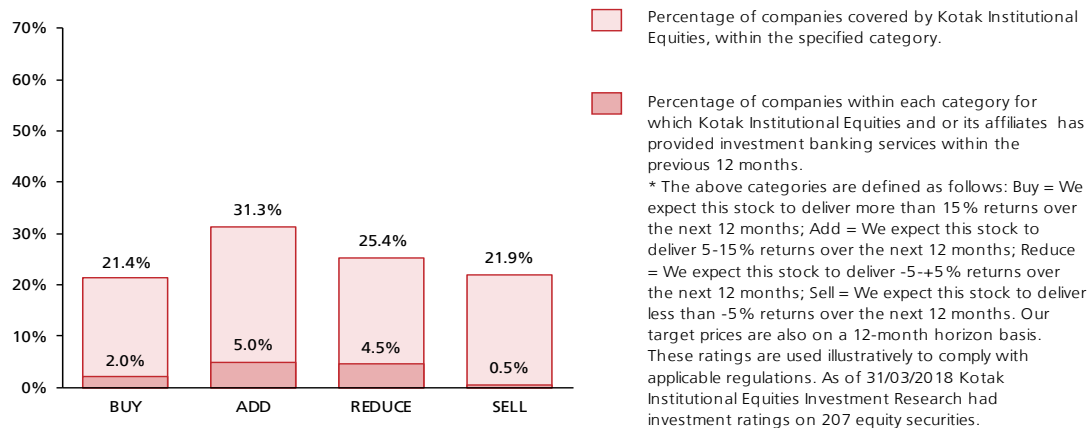
(b) 2019 means calendar year 2018, similarly for 2020 and 2021 for these particular companies.

(c) Exchange rate (Rs/US\$)= 69.81

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

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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

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Corporate Office

Kotak Securities Ltd.
27 BKC, Plot No. C-27, "G Block"
Bandra Kurla Complex, Bandra (E)
Mumbai 400 051, India
Tel: +91-22-43360000

Overseas Affiliates

Kotak Mahindra (UK) Ltd
8th Floor, Portoken House
155-157 Minories
London EC3N 1LS
Tel: +44-20-7977-6900

Kotak Mahindra Inc
369 Lexington Avenue
28th Floor, New York
NY 10017, USA
Tel: +1 212 600 8856

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