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### EQUITY MARKETS

India	Change %			
	29-Aug	1-day	1-mo	3-mo
Sensex	38,723	(0.4)	3.3	10.9
Nifty	11,692	(0.4)	3.3	10.2
<b>Global/Regional indices</b>				
Dow Jones	26,125	0.2	3.2	5.9
Nasdaq Composite	8,110	1.0	6.3	8.7
FTSE	7,563	(0.7)	(1.8)	(1.6)
Nikkei	22,966	0.5	1.9	4.3
Hang Seng	28,416	0.2	(1.1)	(5.5)
KOSPI	2,318	0.4	1.1	(3.8)
<b>Value traded – India</b>				
Cash (NSE+BSE)	382		362	334
Derivatives (NSE)	10,802		4,152	10,002
Deri. open interest	4,478		3,094	4,279

#### Forex/money market

	Change, basis points			
	29-Aug	1-day	1-mo	3-mo
Rs/US\$	70.5	(8)	186	311
10yr govt bond, %	8.1	(3)	3	8

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

	28-Aug	MTD	CYTD
FIs	(7)	217	(196)
MFs	(21)	547	11,700

#### Top movers

Best performers	Change, %			
	29-Aug	1-day	1-mo	3-mo
RIL IN Equity	1,294	(1.9)	12.4	41.3
GCPL IN Equity	1,443	0.1	10.1	27.3
DABUR IN Equity	478	(1.6)	21.4	26.8
SUNP IN Equity	621	0.0	10.4	25.6
GNP IN Equity	648	0.5	11.7	23.4
<b>Worst performers</b>				
JPA IN Equity	11	0.0	(27.7)	(29.5)
IDEA IN Equity	50	(3.0)	(15.2)	(19.9)
UT IN Equity	4	(1.3)	(6.1)	(17.2)
HPCL IN Equity	258	0.3	(10.4)	(16.0)
TTMT/A IN Equity	141	1.0	(4.3)	(15.8)

**AUGUST 30, 2018**
**UPDATE**

Coverage view: **Attractive**

Price (₹): **77**

Target price (₹): **90**

BSE-30: **38,723**

**Lending a helping hand.** Tata Power, through its associate company Resurgent Power has won the bid to acquire 75% ownership in Prayagraj Power in lieu of settlement of the debt for ₹60 bn. Resurgent Power will likely have to infuse equity of ₹12 bn in Prayagraj Power—Tata Power's share will be ₹3 bn. The deal in terms of its size is less material for TPWR, though shows the company's intent to participate in acquisition of stressed assets that could be turned around. Maintain BUY rating with TP of ₹90/share.

**Company data and valuation summary**

Tata Power

**Stock data**

52-week range (Rs) (high,low) 102-67

Market Cap. (Rs bn) 207.9

**Shareholding pattern (%)**

Promoters 33.0

Fls 28.2

MFs 5.4

**Price performance (%)**

Absolute 1M 3M 12M 7.0 (8.0) (0.1)

Rel. to BSE-30 3.1 (16.9) (19.0)

**Forecasts/Valuations**

2018 2019E 2020E EPS (Rs) 5.3 6.0 7.0

EPS growth (%) (9.6) 12.7 15.6

P/E (X) 14.4 12.8 11.0

Sales (Rs bn) 289.2 309.3 318.7

Net profits (Rs bn) 14.5 16.3 18.8

EBITDA (Rs bn) 59.5 56.2 54.7

EV/EBITDA (X) 10.5 10.8 10.4

ROE (%) 10.7 10.1 10.6

Div. Yield (%) 0.0 0.0 0.0

**Prayagraj will make healthy returns at current utilizations, with upside from better utilizations**

Resurgent Power Ventures has been awarded a letter of intent for acquisition of 75% stake in 1,980 MW coal based Prayagraj Power Generation for a debt settlement of ₹60 bn. We highlight Resurgent Power Ventures is a JV in which Tata Power holds minority stake of 26% while remaining 74% is held by ICICI Ventures amongst other investors. Our back-of-the-envelope computation suggests that even after investing ₹12 bn (TPWR's share of ₹3 bn or Re1/share), the project will make early-teen (12-15%) RoEs at 50% PLF though the return profile would improve substantially (RoE of 24%) at 70% PLF.

Prayagraj Power developed the 1,980 MW Bara thermal power plant for a cost of ₹150 bn (originally approved cost was ₹107 bn) with outstanding debt of ₹117 bn. In addition the project had creditors for capex of ₹10 bn outstanding as of March 2017. The project has in place PPAs for sale of 90% of the power as well an FSA for 6.95 mtpa of coal with NCL. The PPA has a fuel pass-through arrangement but a bid capacity charge (₹1.25/kwh) and had been won with a levelled tariff of ₹3.02/kwh back in November 2008. However project cost over-runs led to under-recovery of capacity charges, and a low PLF (average of 34% in FY2018) led to incremental losses.

**Bara made losses due to lower utilizations and cost over-runs**

Prayagraj Power was a subsidiary of Jaiprakash Power Ventures Limited (JVPL) with an installed capacity of 3x660 MW. All three units were commissioned by May 2017. PPGCL reported revenues of ₹16.9 bn, EBITDA of ₹5.6 bn in FY2017 however higher interest cost of ₹9.5 bn led to net loss of ₹5.5 bn in FY2017. Generation in FY2017 was at 4.5 bn units with average realization of ₹3.8/unit. Though PLF for the plant has remained low (average PLF of 34% in FY2018), exit PLF for 1QFY19 was at 50%.

**Maintain BUY rating with target price of ₹90/share; Prayagraj doesn't add meaningfully**

Acquisition of PPGCL, though earnings accretive, is less significant for TPWR against installed capacity base of 10.9 GW of Tata Power. Maintain BUY rating with unchanged price target of ₹90/share.

Murtuza Arsiwalla

Samrat Verma

**Exhibit 1: Low plant utilization and high interest cost prevented the company from making profits**  
Profit and loss statement, Prayag Power Generation Company Ltd., March fiscal year-ends, 2016-18 (Rs mn)

	2016	2017	1HFY18	FY2019
<b>Net revenues</b>	<b>584</b>	<b>16,923</b>	<b>9,556</b>	<b>45,680</b>
Fuel cost	(180)	(10,646)	(6,711)	(30,453)
Employee costs	(27)	(416)	(208)	(416)
Other expenses	(46)	(206)	(103)	(206)
Total expenses	(253)	(11,267)	(7,021)	(31,075)
<b>EBITDA</b>	<b>331</b>	<b>5,656</b>	<b>2,534</b>	<b>14,605</b>
Other income	371	712	350	699
Depreciation & amortization	(154)	(2,338)	(2,250)	(4,500)
Interest (expense)	(1,005)	(9,490)	(6,924)	(6,000)
Pre-tax profit	(456)	(5,461)	(6,291)	4,805
Income tax	—	—	—	(961)
<b>Profit after tax</b>	<b>(456)</b>	<b>(5,461)</b>	<b>(6,291)</b>	<b>3,844</b>

Source: Company, Kotak Institutional Equities estimates

**Exhibit 2: Prayagraj incurred project cost of Rs150 bn with debt of Rs117 bn**  
Balance sheet, Prayag Power Generation Company Ltd., March fiscal year-ends, 2015-17 (Rs mn)

	2015	2016	2017
Gross block	1,284	65,300	110,345
Accumulated depericiation	55	235	2,600
<b>Fixed assets - net</b>	<b>1,229</b>	<b>65,065</b>	<b>107,745</b>
Capital WIP	120,001	75,444	43,526
Investments	—	—	—
<b>Current assets</b>	<b>4,506</b>	<b>4,655</b>	<b>9,232</b>
Inventories	189	291	782
Sundry debtors	0	1,010	5,500
Cash	1,728	488	281
Loans and advances	1,821	1,078	1,540
Other current assets	769	1,789	1,128
<b>Current liabilities</b>	<b>9,319</b>	<b>13,948</b>	<b>19,542</b>
Sundry creditors	—	—	—
Other liabilities	9,315	13,943	19,534
Other provisions	4	5	8
<b>Net current assets (ex cash)</b>	<b>(6,541)</b>	<b>(9,781)</b>	<b>(10,591)</b>
<b>Employment of capital</b>	<b>116,417</b>	<b>131,217</b>	<b>140,961</b>
Share capital	25,032	25,732	26,092
Reserves and surplus	3,804	3,363	(2,030)
<b>Shareholders' funds</b>	<b>28,836</b>	<b>29,095</b>	<b>24,062</b>
Deferred tax liabilities	—	—	—
- Secured loans	82,581	101,062	116,899
- Unsecured loans	5,000	1,060	—
<b>Total debt</b>	<b>87,581</b>	<b>102,122</b>	<b>116,899</b>
<b>Capital employed</b>	<b>116,417</b>	<b>131,217</b>	<b>140,961</b>
<b>Ratios</b>			
Net debt/ equity	3.0	3.5	4.8
ROCE (%)	NA	0.7	6.4
Return on equity (%)	NA	(1.6)	(20.5)

Source: Company, Kotak Institutional Equities

**Exhibit 3: Prayagraj has operated at low PLF of 34% in FY2018**

Generation profile, Prayag Power Generation Company Ltd., March fiscal year-ends, 2016-19

	FY2016	FY2017	FY2018	1QFY19
Generation (MUs)	88	4,468	5,635	2,137
PLF (%)	18	49	34	49
Coal purchase ('000 tons)	55	2,564	2,095	942

	FY2016	FY2017	1HFY18
Realization (Rs/kwh)	6.62	3.79	3.41
Fuel (Rs/kwh)	(2.04)	(2.38)	(2.40)
Capacity (Rs/kwh)	4.58	1.40	1.02

Source: Company, Kotak Institutional Equities estimates

**Exhibit 4: Tata Power sum-of-the-parts valuation**

			Multiple	Ownership	Value	
		Methodology	(X)	(%)	(Rs mn)	(Rs/share)
Mumbai	Distribution	P/B	1.5	100	59,102	22
Delhi	Distribution	P/B	1.5	51	10,962	4
Tala	Transmission	DCF		51	2,178	1
Mundra	Generation	DCF		100	(98,783)	(37)
Maithon	Generation	DCF		74	8,818	3
IEL	Generation	DCF		74	8,289	3
Renewable	Generation	EV/EBITDA	8	100	9,281	3
Coal	Coal	EV/EBITDA	5	30	129,574	48
Solar	Equipment	EV/EBITDA	6	100	14,897	6
Investments					99,976	37
<b>Total</b>					<b>244,294</b>	<b>90</b>

Source: Company, Kotak Institutional Equities estimates

Exhibit 5: Tata Power: Profit model, balance sheet, cash model (Consolidated) 2016-2021E, March fiscal year-ends (Rs mn)

	2016	2017	2018	2019E	2020E	2021E
<b>Profit model (Rs mn)</b>						
Net sales	285,257	272,883	289,214	309,310	318,668	330,756
<b>EBITDA</b>	<b>61,718</b>	<b>52,372</b>	<b>59,471</b>	<b>56,198</b>	<b>54,663</b>	<b>56,677</b>
Other income	913	2,022	4,327	4,344	9,835	18,184
Interest	(32,358)	(31,140)	(37,230)	(33,921)	(33,460)	(32,278)
Depreciation	(16,487)	(19,886)	(23,981)	(24,884)	(25,781)	(26,208)
Pretax profits	13,786	3,369	2,587	1,737	5,258	16,375
Tax	(6,803)	458	(1,643)	(5,539)	(6,348)	(7,388)
Minority interest & profit from associates	1,860	12,173	13,514	20,094	19,926	20,588
<b>Net profits</b>	<b>8,842</b>	<b>16,000</b>	<b>14,458</b>	<b>16,293</b>	<b>18,836</b>	<b>29,574</b>
Extraordinary items	(978)	(6,515)	10,308	14,493	—	—
<b>Earnings per share (Rs)</b>	<b>3.3</b>	<b>5.9</b>	<b>5.3</b>	<b>6.0</b>	<b>7.0</b>	<b>10.9</b>
<b>Balance sheet (Rs mn)</b>						
Total equity	116,334	117,795	152,602	168,895	187,731	217,305
Deferred taxation liability	27,772	24,158	5,166	5,166	5,166	5,166
Total borrowings	403,486	503,154	426,836	463,671	454,723	444,429
Current liabilities	135,507	157,567	232,616	223,689	229,047	236,339
Capital contribution from Consumers						
Minority interest	17,498	18,690	20,153	20,153	20,153	20,153
<b>Total liabilities and equity</b>	<b>700,597</b>	<b>821,364</b>	<b>837,373</b>	<b>881,574</b>	<b>896,819</b>	<b>923,392</b>
Cash	6,632	9,543	11,858	62,253	93,074	135,885
Current assets	107,264	114,888	102,131	128,483	131,159	135,227
Total fixed assets	395,499	511,634	535,217	502,670	484,418	464,113
Investments	117,828	119,570	124,289	124,289	124,289	124,289
Deferred expenditure	73,375	65,729	63,878	63,878	63,878	63,878
<b>Total assets</b>	<b>700,597</b>	<b>821,364</b>	<b>837,373</b>	<b>881,574</b>	<b>896,819</b>	<b>923,392</b>
<b>Key ratios</b>						
Net debt / equity (X)	3.0	3.6	2.4	2.1	1.7	1.3
ROE (%)	6.8	13.7	10.7	10.1	10.6	14.6

Source: Company, Kotak Institutional Equities

AUGUST 30, 2018

UPDATE

BSE-30: 38,723

**RBI Annual Report: Earnings improve.** The RBI transferred ₹500 bn to the government (₹400 bn accruing to FY2019 budget and ₹100 bn to FY2018 budget) helped by higher interest income from foreign securities along with higher profit on sale of rupee securities. ₹15.31 tn of bank notes have been returned to the RBI, which is around 99.15% of the banned notes in circulation prior to demonetization. Households' financial savings rate increased to 7.1% driven mostly by savings in currency while savings rate in deposits reduced and households' liabilities increased.

#### Profit improves on higher earnings and lower printing cost

**Earnings:** RBI's earnings increased by ₹165 bn in 2018 (July 1, 2017-June 30, 2018) over 2017. Foreign earnings increased by ₹88 bn due to higher interest income from foreign securities (₹41 bn increase). Domestic earnings increased by ₹77 bn on the back of ₹56 bn increase in profit on sale of rupee securities. **Expenditure:** RBI incurred printing cost of ₹49 bn, ₹31 bn lower than 2017. However, there was a provisioning of ₹142 bn towards contingency fund against ₹132 bn in 2017. Overall, expenditure reduced by ₹29 bn leading to ₹193 bn higher transfer to the government. We note that of the ₹500 bn being transferred by the RBI, ₹100 bn has been paid out towards FY2018 central government budget (and hence ₹400 bn will accrue to the FY2019 budget). Exhibit 1 details the RBI's income statement over the past few years. RBI's balance sheet grew 9.5% in 2018 (Exhibit 2 summarizes RBI's balance sheet).

#### FY2018 financial savings: Shifts to currency; higher liabilities

FY2018 household financial savings as proportion of GDP (RBI reports as proportion of GNDI) increased to 7.2% from 6.8% in FY2017—in line with our FY2018 estimate of 7.4%. These estimates will undergo further revision when the CSO releases the savings-investment details for FY2018 in January 2019. We note that FY2018 savings in currency as proportion to GDP increased 486 bps to 2.8% while deposits fell 345 bps to 2.9%. While shares and debentures savings rate increased by 71 bps to 0.9%, insurance funds rate reduced by 41 bps to 1.9%. Financial liabilities increased by 162 bps to 4.2% (Exhibit 3).

#### Few interesting empirical findings: MSP impact, and NREGA impact

The RBI Annual Report also provides some interesting empirical work: (1) **MSP impact on inflation:** (a) MSP has a positive and statistically significant effect on retail prices of all crops, although it varies significantly across crops, (b) stronger effect for those crops where procurement is substantial, such as paddy and wheat, (c) international prices play a stronger role in determining edible oil prices, production dampens prices the most in the case of pulses, and (d) adequate procurement is the channel through which higher MSPs may push up the food inflation trajectory. (2) **NREGA's impact on rural labor market (survey results):** (a) For a casual laborer in agriculture, the probability of avoiding traditional work increases by 19%, while in the non-agriculture casual labor category, this is 11%, (b) casual laborers are more inclined to avoid traditional employment for MGNREGS and the difference in wages is a significant factor in this decision, and (c) If and when the scheme is implemented fully (unlimited working days), it has the potential to create shortages in labor supply in the casual labor category, propelling a wage increase in this segment.

#### QUICK NUMBERS

- **RBI's earnings increased by ₹165 bn and expenditure reduced by ₹29 bn**
- **₹15.31 tn (or 99%) of banned notes returned to RBI**
- **Household financial savings to GDP at 7.2% in FY2018**

Suvodeep Rakshit

Upasna Bhardwaj

**Exhibit 1: RBI's earnings increased by Rs165 bn and expenditure reduced by Rs29 bn in 2018**  
Trends in gross income, expenditure and net income, June year-ends, 2012-18 (Rs bn)

	2012	2013	2014	2015	2016	2017	2018
<b>1. Foreign Sources:</b>							
Interest , Discount, Exchange	198.1	207.5	197.7	257.4	287.1	185.9	274.0
<b>2. Domestic Sources</b>	333.7	536.1	448.5	535.1	521.6	432.3	508.8
Interest	323.4	523.1	435.4	521.4	505.4	415.5	484.7
Other earnings	10.3	13.1	13.1	13.7	16.2	16.8	24.1
<b>3. Total Income (Gross) (1+2)</b>	<b>531.8</b>	<b>743.6</b>	<b>646.2</b>	<b>792.6</b>	<b>808.7</b>	<b>618.2</b>	<b>782.8</b>
<b>Less transfer to:</b>							
Contingency reserve	246.8	262.5	—	—	—	—	—
Asset development reserve	23.5	25.5	—	—	—	—	—
<b>4. Total transfers</b>	<b>270.3</b>	<b>287.9</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Income (Net) (3-4)</b>	<b>261.5</b>	<b>455.6</b>	<b>646.2</b>	<b>792.6</b>	<b>808.7</b>	<b>618.2</b>	<b>782.8</b>
<b>5. Total Expenditure</b>	<b>101.4</b>	<b>125.5</b>	<b>119.3</b>	<b>133.6</b>	<b>149.9</b>	<b>311.6</b>	<b>282.8</b>
Printing cost	27.0	28.7	32.1	37.6	34.2	79.7	49.1
Agency charges	33.5	28.1	33.3	30.5	47.6	40.5	39.0
Employee cost	29.9	58.6	43.2	40.6	44.8	46.2	38.5
Provisions	—	—	—	10.0	10.0	131.9	141.9
Others	10.9	10.1	10.7	14.9	13.4	13.3	14.2
Net disposable income	160.1	330.1	526.8	659.0	658.8	306.6	500.0
<b>Transfer of surplus to government</b>	<b>160.1</b>	<b>330.1</b>	<b>526.8</b>	<b>659.0</b>	<b>658.8</b>	<b>306.6</b>	<b>500.0</b>

Source: RBI Annual Report, Kotak Economics Research

**Exhibit 2: RBI's balance sheet increased by 9.5% in 2018**  
RBI's balance sheet, June year-ends (Rs bn)

Issue department					
Liabilities			Assets		
	2017	2018	2017	2018	
Notes issued	15,063	19,120	Foreign investments	14,367	18,367
			Gold Coin and Bullion	690	743
			Domestic investments	0	0
			Rupee Coin	6	9
<b>Total Liabilities</b>	<b>15,063</b>	<b>19,120</b>	<b>Total Assets</b>	<b>15,063</b>	<b>19,120</b>
Banking department					
Liabilities			Assets		
	2017	2018	2017	2018	
Capital paid-up	0.1	0.1	Notes, rupee coin and small coin	0.1	0.1
Reserve Fund	65	65	Gold coin and bullion	627	697
National Industrial Credit	0.3	0.3	Investment in subsidiaries	34	34
National Housing Credit	2	2	Foreign investments	9,320	7,984
Deposits			Domestic investments	7,558	6,297
Central Government	948	1	Loans and Advances to :		
State Governments	0.4	0.4	Central Government	26	554
Scheduled Commercial Banks	4,730	4,744	State Governments	24	15
Scheduled State Co-operative Banks	36	35	Loans and Advances to:		
Other Scheduled Co-operative Banks	84	84	Scheduled Commercial Banks	80	1,007
Non-Scheduled State Co-operative Banks	15	19	Scheduled State Co-operative Banks	0	0
Other Banks	176	188	Other Scheduled Co-operative Banks	0	0
Others	2,974	1,454	Non-Scheduled State Co-operative Banks	0	0
			NABARD	0	0
			Others	43	62
<b>Other Liabilities</b>	<b>8,947</b>	<b>10,463</b>	<b>Other Assets</b>	<b>266</b>	<b>406</b>
<b>Total Liabilities</b>	<b>17,978</b>	<b>17,056</b>	<b>Total Assets</b>	<b>17,978</b>	<b>17,056</b>
<b>RBI Liabilities</b>	<b>33,041</b>	<b>36,176</b>	<b>RBI Assets</b>	<b>33,041</b>	<b>36,176</b>

Source: RBI Annual Report, Kotak Economics Research

**Exhibit 3: Household financial savings rate increased by 40 bps to 7.2% in FY2018**  
 Details of household financial savings as proportion of GDP, March fiscal year-ends (%)

	2012	2013	2014	2015	2016	2017	2018
<b>Gross financial savings</b>	<b>10.7</b>	<b>10.7</b>	<b>10.6</b>	<b>10.1</b>	<b>11.0</b>	<b>9.2</b>	<b>11.2</b>
Currency	1.2	1.1	0.9	1.0	1.4	(2.0)	2.8
Deposits	6.2	6.1	5.9	4.9	4.7	6.4	2.9
Shares and debentures	0.2	0.2	0.2	0.2	0.3	0.2	0.9
Claims on government	(0.2)	(0.1)	0.2	0.0	0.5	0.4	0.0
Insurance funds	2.3	1.8	1.8	2.4	1.9	2.3	1.9
Provident and pension func	1.1	1.5	1.5	1.5	2.1	2.0	2.1
<b>Financial liabilities</b>	<b>3.3</b>	<b>3.3</b>	<b>3.2</b>	<b>3.1</b>	<b>2.9</b>	<b>2.4</b>	<b>4.1</b>
<b>Net financial savings</b>	<b>7.4</b>	<b>7.4</b>	<b>7.4</b>	<b>7.0</b>	<b>8.2</b>	<b>6.8</b>	<b>7.2</b>

Source: RBI Annual Report, Kotak Economics Research





## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)	Target price	Upside	Mkt cap.	O/S	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT	
		29-Aug-18	(Rs)	(%)	(Rs bn) (US\$ bn)	shares (mn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	3mo (US\$ mn)	
<b>NBFCs</b>																													
Bajaj Finance	SELL	2,984	2,000	(33.0)	1,725	24.4	575	68	90	114	56.6	31.9	27.3	43.9	33.3	26.2	—	—	—	8.9	7.2	5.8	22.4	24.0	24.6	0.2	0.3	0.4	54.2
Bajaj Finserv	REDUCE	6,969	6,100	(12.5)	1,109	15.7	159	245	307	376	39.7	25.2	22.5	28.4	22.7	18.5	—	—	—	4.5	3.8	3.2	17.5	18.1	18.6	0.2	0.2	0.2	18.3
Bharat Financial Inclusion	NA	1,162	—	—	163	2.3	139	43	54	69	31.1	27.2	25.8	27.1	21.3	16.9	—	—	—	4.4	3.6	2.9	17.9	18.5	19.0	—	—	—	9.9
Cholamandalam	REDUCE	1,448	1,500	3.6	226	3.2	156	90	110	136	44.8	22.1	23.4	16.0	13.1	10.6	—	—	—	3.7	3.0	2.5	24.5	24.3	24.3	0.7	0.9	1.1	7.1
HDFC	ADD	1,956	2,075	6.1	3,308	46.9	1,676	56	67	81	(25.8)	19.0	21.2	35.0	29.4	24.2	—	—	—	4.5	4.1	3.7	13.8	14.5	16.0	1.1	1.3	1.6	68.5
HDFC Standard Life Insurance	SELL	466	405	(13.1)	939	13.3	2,007	6	7	8	14.8	10.9	14.7	73.4	66.2	57.7	—	—	—	19.4	17.4	15.5	28.0	27.7	28.4	0.3	0.4	0.4	9.5
ICICI Lombard	SELL	793	620	(21.8)	360	5.1	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	383	500	30.7	549	7.8	1,436	12	13	15	10.1	7.0	10.0	30.8	28.8	26.2	—	—	—	6.9	5.8	4.9	24.5	21.8	20.2	0.5	0.6	0.6	8.9
IIFL Holdings	SELL	704	625	(11.3)	225	3.2	319	38	45	52	31.5	18.6	16.0	18.7	15.8	13.6	—	—	—	3.3	2.9	#DVM!	20.5	20.0	20.0	1.1	1.4	1.6	1.7
L&T Finance Holdings	ADD	185	190	2.5	370	5.2	1,996	13	14	16	70.9	12.3	12.8	14.8	13.2	11.7	—	—	—	2.7	2.3	2.0	18.9	18.8	18.3	1.1	1.4	1.3	13.3
LIC Housing Finance	ADD	520	610	17.2	263	3.7	505	50	58	66	14.1	16.2	14.6	10.5	9.0	7.8	—	—	—	1.7	1.5	1.3	17.4	16.9	16.8	1.5	1.7	2.0	14.7
Magma Fincorp	BUY	147	190	29.3	40	0.6	237	13	17	21	34.0	31.8	23.0	11.3	8.6	7.0	—	—	—	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	3.4	299	4.2	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	10.5
Max Financial Services	ADD	472	650	37.6	127	1.8	268	6	6	6	36.9	1.8	1.8	75.3	74.0	72.7	—	—	—	—	—	—	8.3	8.0	7.8	—	0.5	0.5	4.6
Muthoot Finance	ADD	409	480	17.4	164	2.3	400	38	40	46	(10.8)	4.0	15.7	10.7	10.2	8.9	—	—	—	1.8	1.6	1.4	18.4	16.9	17.2	2.2	2.2	2.6	3.9
PNB Housing Finance	REDUCE	1,395	1,325	(5.0)	234	3.3	167	62	75	92	25.3	20.9	22.4	22.4	18.5	15.1	—	—	—	3.2	2.9	2.4	15.2	15.9	17.0	0.2	0.2	0.2	5.0
SBI Life Insurance	ADD	669	785	17.3	669	9.5	1,000	15	18	21	26.0	22.9	17.0	46.1	37.5	32.0	—	—	—	8.7	7.3	6.1	20.6	21.3	20.9	0.3	0.4	0.5	3.3
Shriram City Union Finance	ADD	2,010	2,250	11.9	133	1.9	66	141	174	209	40.4	22.7	20.5	14.2	11.6	9.6	—	—	—	2.3	2.0	1.7	15.8	16.9	17.6	0.9	1.1	1.3	1.5
Shriram Transport	ADD	1,349	1,550	14.9	306	4.3	227	114	130	146	64.4	14.3	12.8	11.9	10.4	9.2	—	—	—	2.1	1.8	1.6	18.3	17.5	17.1	1.2	1.3	1.6	31.4
<b>NBFCs</b>	<b>Neutral</b>				<b>11,206</b>	<b>159</b>					<b>14.9</b>	<b>19.4</b>	<b>19.4</b>	<b>28.5</b>	<b>23.9</b>	<b>20.0</b>				<b>4.6</b>	<b>4.0</b>	<b>3.4</b>	<b>16.1</b>	<b>16.7</b>	<b>17.2</b>	<b>0.7</b>	<b>0.8</b>	<b>1.0</b>	<b>607.5</b>
<b>Cement</b>																													
ACC	SELL	1,614	1,270	(21.3)	303	4.3	188	62	70	81	27.0	13.8	15.2	26.1	22.9	19.9	14.5	12.5	10.6	3.0	2.7	2.5	11.9	12.5	13.1	1.1	1.1	1.1	16.6
Ambuja Cements	REDUCE	233	210	(9.9)	463	6.6	1,986	9	11	12	14.5	23.2	15.8	27.1	22.0	19.0	9.2	7.6	6.3	2.2	2.0	1.9	8.1	9.5	10.4	1.5	1.5	1.5	11.6
Dalmia Bharat	ADD	2,618	2,830	8.1	233	3.3	89	94	122	139	55.8	29.3	14.8	27.8	21.5	18.8	10.6	8.7	7.5	3.4	2.9	2.5	12.9	14.6	14.5	0.1	0.1	0.1	4.7
Grasim Industries	BUY	1,075	1,170	8.8	707	10.0	657	46	55	70	(2.5)	18.8	28.0	23.3	19.6	15.3	7.7	7.2	6.7	1.2	1.1	1.0	5.2	5.9	7.1	0.5	0.5	0.5	15.5
India Cements	REDUCE	121	118	(2.8)	38	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	8.6
J K Cement	ADD	812	890	9.6	57	0.8	70	45	79	78	3.7	75.4	(0.8)	18.1	10.3	10.4	10.5	8.6	7.1	2.6	2.1	1.8	15.0	22.3	18.5	1.0	1.0	1.0	0.5
JK Lakshmi Cement	ADD	331	370	11.8	39	0.6	118	11	28	37	153.5	147.9	30.5	29.2	11.8	9.0	10.1	6.6	5.4	2.5	2.1	1.7	8.9	19.5	21.0	0.6	0.6	0.6	0.3
Orient Cement	ADD	117	145	24.3	24	0.3	205	7	11	15	212.9	58.7	41.3	17.3	10.9	7.7	8.0	6.2	4.7	2.1	1.8	1.5	12.9	18.2	21.8	1.3	1.7	1.7	0.3
Shree Cement	SELL	18,850	12,500	(33.7)	657	9.3	35	421	630	760	6.0	49.7	20.6	44.8	29.9	24.8	20.9	15.7	12.9	6.5	5.4	4.5	15.4	19.7	19.8	0.3	0.3	0.3	5.3
UltraTech Cement	SELL	4,402	2,950	(33.0)	1,209	17.1	275	126	162	201	42.7	28.9	24.0	35.0	27.2	21.9	18.2	15.1	12.6	4.2	3.6	3.2	12.6	14.3	15.4	0.2	0.2	0.2	18.8
<b>Cement</b>	<b>Cautious</b>				<b>3,729</b>	<b>53</b>					<b>19.5</b>	<b>30.3</b>	<b>21.8</b>	<b>30.1</b>	<b>23.1</b>	<b>19.0</b>	<b>11.4</b>	<b>9.8</b>	<b>8.5</b>	<b>2.5</b>	<b>2.3</b>	<b>2.1</b>	<b>8.4</b>	<b>10.0</b>	<b>11.0</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>82.2</b>

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)			Mkt cap. (Rs 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)	
		29-Aug-18	Target price (Rs)	Upside (%)			2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E		
<b>Consumer products</b>																													
Asian Paints	REDUCE	1,394	1,325	(4.9)	1,337	18.9	959	27	33	39	32.1	20.3	18.3	51.4	42.8	36.1	32.2	26.6	22.5	13.9	12.1	10.6	28.8	30.3	31.3	0.9	1.1	1.3	21.0
Bajaj Corp.	ADD	436	470	7.9	64	0.9	148	15	17	19	7.8	10.3	9.5	28.2	25.6	23.4	22.6	19.3	16.8	13.1	13.1	12.8	46.3	51.2	55.4	3.0	3.2	3.4	0.6
Britannia Industries	ADD	6,736	6,700	(0.5)	809	11.5	120	104	127	152	24.5	22.2	19.2	64.7	52.9	44.4	42.5	34.7	29.1	18.8	15.2	12.5	32.5	31.8	30.9	0.5	0.7	0.8	12.3
Coffee Day Enterprises	REDUCE	266	290	9.0	56	0.8	211	8	10	12	129.9	30.0	21.2	34.6	26.6	22.0	11.7	10.3	9.5	2.2	2.0	1.9	6.6	8.0	8.9	—	—	—	0.8
Colgate-Palmolive (India)	ADD	1,151	1,250	8.6	313	4.4	272	27	32	36	14.7	15.6	15.5	42.2	36.5	31.6	24.1	21.0	18.2	18.4	16.0	14.0	46.0	46.9	47.3	1.4	1.7	2.0	6.7
Dabur India	REDUCE	478	390	(18.4)	844	12.0	1,762	9	10	12	17.3	12.9	13.6	52.4	46.4	40.9	43.9	37.9	32.9	14.8	12.8	11.3	28.1	29.6	29.4	0.8	0.9	1.2	16.9
GlaxoSmithKline Consumer	ADD	7,363	7,300	(0.9)	310	4.4	42	199	223	246	19.5	12.1	10.1	37.0	33.0	30.0	26.0	22.4	19.7	8.0	7.2	6.6	22.8	23.0	23.1	1.2	1.4	1.7	2.0
Godrej Consumer Products	SELL	1,443	1,100	(23.8)	984	13.9	681	25	29	33	18.8	13.7	12.7	56.9	50.1	44.4	40.4	35.1	30.8	13.4	11.6	10.1	25.4	24.8	24.3	0.6	0.7	0.8	10.6
Hindustan Unilever	REDUCE	1,756	1,570	(10.6)	3,801	53.9	2,160	29	33	37	19.5	13.2	12.6	59.9	52.9	47.0	41.5	36.5	32.3	46.9	39.8	34.2	83.5	81.4	78.3	1.2	1.4	1.5	33.5
ITC	ADD	313	330	5.5	3,823	54.2	12,275	10	11	12	8.2	12.3	11.7	32.4	28.9	25.8	21.0	18.6	16.5	7.0	6.6	6.2	20.4	22.2	24.2	1.8	2.1	2.5	52.1
Jubilant Foodworks	BUY	1,549	1,650	6.5	204	2.9	132	25	35	46	73.6	37.5	32.3	61.3	44.6	33.7	30.8	23.3	17.7	15.2	11.6	8.8	28.9	29.5	29.7	0.1	0.2	0.3	34.8
Jyothy Laboratories	ADD	207	240	15.7	75	1.1	364	6	7	8	27.6	16.7	15.4	36.9	31.6	27.4	24.6	20.9	17.8	5.7	5.0	4.4	16.6	16.8	16.9	0.5	0.7	1.0	1.1
Marico	ADD	369	375	1.7	476	6.7	1,291	7	8	9	8.9	20.0	14.5	54.0	45.0	39.3	37.5	31.0	26.7	17.7	16.5	15.2	33.7	37.9	40.2	1.3	1.5	1.7	9.4
Nestle India	ADD	11,299	11,000	(2.6)	1,089	15.4	96	171	197	223	34.2	15.7	13.2	66.3	57.2	50.6	38.0	32.9	28.9	29.3	26.9	24.6	46.1	49.0	50.8	1.0	1.2	1.4	8.8
Page Industries	SELL	35,973	25,000	(30.5)	401	5.7	11	418	508	607	34.3	21.6	19.5	86.1	70.8	59.2	55.7	46.0	38.4	36.4	28.8	23.2	47.8	45.5	43.4	0.5	0.6	0.7	11.8
Pidlite Industries	REDUCE	1,148	1,080	(5.9)	583	8.3	508	21	26	31	16.8	21.8	20.2	54.5	44.7	37.2	36.3	29.9	24.9	13.8	11.6	9.7	27.4	28.2	28.4	0.6	0.7	0.8	12.6
S H Kelkar and Company	BUY	220	290	31.6	32	0.5	145	7	10	12	(6.2)	41.9	23.2	31.8	22.4	18.2	20.5	14.7	12.7	3.4	3.1	2.7	11.3	14.5	16.0	0.8	0.9	1.2	0.4
Tata Global Beverages	REDUCE	235	250	6.6	148	2.1	631	8	9	10	7.7	17.0	12.9	29.6	25.3	22.4	16.2	14.3	12.6	2.0	1.9	1.9	7.0	7.9	8.5	1.3	1.5	1.7	11.2
Titan Company	SELL	883	840	(4.8)	784	11.1	888	16	20	23	25.6	21.8	19.3	55.0	45.1	37.8	36.5	29.1	23.9	13.0	10.9	9.2	25.6	26.3	26.4	0.5	0.6	0.8	36.2
United Breweries	SELL	1,388	1,100	(20.7)	367	5.2	264	21	25	31	38.9	22.3	20.5	67.0	54.7	45.4	32.9	28.4	24.4	11.6	9.8	8.3	18.7	19.4	19.8	0.2	0.3	0.4	13.3
United Spirits	REDUCE	641	590	(7.9)	466	6.6	727	10	13	17	34.7	30.9	24.5	62.5	47.8	38.4	36.3	29.4	24.9	12.8	9.4	7.2	24.2	22.7	21.3	—	—	0.4	14.8
Varun Beverages	ADD	816	800	(1.9)	149	2.1	183	15	20	26	29.8	34.5	30.7	54.6	40.6	31.0	17.9	15.3	12.9	7.5	6.4	5.5	14.6	17.1	19.0	—	—	0.2	1.6
<b>Consumer products</b>	<b>Cautious</b>				<b>17,116</b>	<b>243</b>					<b>17.7</b>	<b>15.9</b>	<b>14.7</b>	<b>48.2</b>	<b>41.6</b>	<b>36.2</b>	<b>31.2</b>	<b>26.8</b>	<b>23.3</b>	<b>12.6</b>	<b>11.3</b>	<b>10.1</b>	<b>26.1</b>	<b>27.1</b>	<b>27.8</b>	<b>1.1</b>	<b>1.3</b>	<b>1.5</b>	<b>312.6</b>
<b>Energy</b>																													
BPCL	REDUCE	362	375	3.7	785	11.1	1,967	38	39	39	(6.7)	3.1	1.1	9.6	9.3	9.2	7.0	6.6	6.5	1.9	1.7	1.5	20.5	19.1	17.5	4.2	4.3	4.3	28.3
Castrol India	SELL	159	155	(2.7)	157	2.2	989	7	8	9	2.9	10.1	9.7	22.5	20.5	18.6	14.1	12.7	11.5	14.8	14.4	13.9	67.1	71.5	76.0	3.5	3.9	4.2	4.2
GAIL (India)	BUY	367	440	19.7	829	11.7	2,255	26	29	31	27.8	10.0	9.5	14.1	12.8	11.7	8.8	8.1	7.3	1.9	1.7	1.6	14.0	14.1	14.2	2.3	2.6	2.9	23.7
GSPCL	SELL	184	175	(5.0)	104	1.5	564	11	11	12	(6.5)	(0.5)	11.9	16.6	16.7	14.9	6.2	6.2	5.5	1.9	1.7	1.6	11.7	10.7	10.9	0.9	0.9	1.0	1.3
HPCL	REDUCE	258	285	10.6	393	5.6	1,524	32	32	32	(22.3)	(2.2)	0.5	8.0	8.1	8.1	7.1	7.5	7.8	1.5	1.4	1.3	19.6	17.4	16.1	5.1	5.0	5.0	24.9
Indraprastha Gas	SELL	288	240	(16.7)	202	2.9	700	12	13	15	16.4	12.3	10.7	24.0	21.4	19.3	15.2	13.4	11.9	4.9	4.3	3.8	22.1	21.5	20.9	0.9	1.1	1.4	10.7
IOCL	REDUCE	157	150	(4.2)	1,520	21.5	9,479	18	17	18	(11.2)	(4.1)	2.8	8.6	9.0	8.7	4.9	4.9	4.7	1.2	1.2	1.1	15.1	13.4	12.9	4.7	4.5	4.6	21.7
Mahanagar Gas	ADD	838	965	15.1	83	1.2	99	56	60	64	16.0	7.6	5.4	14.9	13.9	13.2	8.6	7.9	7.2	3.5	3.1	2.7	24.8	23.5	22.0	2.6	2.9	3.0	11.5
ONGC	ADD	177	200	12.8	2,275	32.2	12,833	20	20	19	16.8	0.3	(5.9)	8.7	8.7	9.2	4.1	3.9	3.9	0.9	0.9	0.9	11.2	10.6	9.5	3.8	3.9	3.9	17.0
Oil India	SELL	210	200	(4.5)	238	3.4	1,135	23	24	23	(6.7)	3.4	(2.5)	9.1	8.8	9.0	6.0	5.7	5.7	0.8	0.8	0.7	9.2	9.0	8.4	4.4	4.5	4.4	2.6
Petronet LNG	BUY	233	280	20.0	350	5.0	1,500	16	18	20	16.7	13.1	9.4	14.4	12.7	11.6	9.6	8.1	7.2	3.1	2.8	2.5	23.3	23.2	22.7	2.4	3.1	3.9	10.3
Reliance Industries	SELL	1,294	985	(23.9)	7,659	108.5	5,922	69	78	87	17.6	12.4	11.9	18.6	16.6	14.8	12.4	10.6	9.0	2.3	2.1	1.8	12.2	12.1	12.1	0.5	0.5	0.6	127.4
<b>Energy</b>	<b>Attractive</b>				<b>14,594</b>	<b>207</b>					<b>7.2</b>	<b>5.2</b>	<b>4.8</b>	<b>13.2</b>	<b>12.6</b>	<b>12.0</b>	<b>7.9</b>	<b>7.3</b>	<b>6.8</b>	<b>1.7</b>	<b>1.6</b>	<b>1.4</b>	<b>13.0</b>	<b>12.5</b>	<b>12.0</b>	<b>2.0</b>	<b>2.1</b>	<b>2.1</b>	<b>283.5</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)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)
		29-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	
<b>Industrials</b>																													
ABB	SELL	1,325	1,020	(23.0)	281	4.0	212	26	29	36	30.1	14.2	23.5	51.4	45.0	36.4	30.1	27.1	22.4	7.1	6.5	5.8	14.5	15.1	16.7	0.7	0.7	0.7	1.3
BHEL	REDUCE	81	78	(3.3)	296	4.2	3,671	2.6	5.0	7.4	16.5	95.3	48.5	31.5	16.1	10.9	9.1	4.9	3.6	0.9	0.9	0.9	2.9	5.6	8.3	2.6	5.1	7.6	10.7
Carborundum Universal	SELL	374	322	(14.0)	71	1.0	189	14	17	20	25.0	21.4	13.8	26.3	21.6	19.0	14.4	11.8	10.2	4.1	3.6	3.3	16.3	17.8	18.1	1.1	1.4	1.6	0.4
CG Power and Industrial	BUY	59	72	21.7	37	0.5	627	2.9	4.3	6.2	25.2	48.7	44.9	20.4	13.7	9.5	8.1	6.4	5.0	1.4	1.3	1.2	6.7	9.8	13.3	—	—	—	8.3
Crompton Greaves Consumer	SELL	250	215	(13.9)	157	2.2	627	6.2	7.5	8.8	19.5	20.7	17.4	40.5	33.5	28.5	25.2	21.3	18.1	13.8	10.6	8.1	40.4	35.8	32.3	0.8	1.0	—	2.5
Cummins India	REDUCE	770	710	(7.8)	213	3.0	277	28	33	37	15.2	17.5	13.7	27.7	23.6	20.7	23.3	20.0	17.2	5.0	4.7	4.4	18.7	20.6	21.8	1.9	2.3	2.6	4.6
Havells India	SELL	714	485	(32.1)	447	6.3	625	14	17	20	26.6	20.5	17.6	50.9	42.3	35.9	32.7	26.7	22.5	10.5	9.2	8.0	22.0	23.2	23.9	0.7	0.8	1.0	13.4
Kalpataru Power Transmission	BUY	357	560	56.7	55	0.8	153	23	32	41	26.0	39.1	27.7	15.5	11.1	8.7	6.9	5.4	4.6	1.8	1.6	1.4	12.5	15.2	16.7	0.5	0.5	0.5	0.6
KEC International	BUY	303	410	35.2	78	1.1	257	21	27	33	16.9	29.7	23.0	14.5	11.2	9.1	8.2	6.6	5.6	3.2	2.5	2.0	24.1	25.2	24.9	0.7	1.0	1.2	2.9
L&T	BUY	1,351	1,600	18.4	1,894	26.8	1,401	66	68	79	28.2	1.9	17.6	20.4	20.0	17.0	18.2	17.5	14.6	3.4	3.1	2.8	17.6	16.2	17.1	1.6	1.7	2.0	49.5
Siemens	SELL	1,027	1,000	(2.6)	366	5.2	356	29	35	—	21.4	21.7	—	35.3	29.0	—	20.1	16.2	—	4.2	3.9	—	12.3	14.0	—	1.2	1.4	—	3.3
Thermax	REDUCE	1,020	1,010	(1.0)	122	1.7	113	28	39	44	34.7	39.2	13.2	36.7	26.4	23.3	23.3	17.3	14.8	4.0	3.6	3.3	11.1	14.3	14.7	0.9	1.1	1.2	0.9
Volta	SELL	627	530	(15.5)	208	2.9	331	17	21	25	0.4	18.8	18.9	36.1	30.4	25.6	27.1	22.1	18.5	4.8	4.3	3.8	13.9	14.8	15.7	0.6	0.7	0.8	12.5
<b>Industrials</b>	<b>Neutral</b>				<b>4,223</b>	<b>60</b>					<b>25.4</b>	<b>15.2</b>	<b>13.4</b>	<b>26.3</b>	<b>22.8</b>	<b>20.1</b>	<b>18.2</b>	<b>15.9</b>	<b>13.1</b>	<b>3.3</b>	<b>3.1</b>	<b>3.0</b>	<b>12.6</b>	<b>13.4</b>	<b>14.9</b>	<b>1.4</b>	<b>1.6</b>	<b>1.8</b>	<b>110.9</b>
<b>Infrastructure</b>																													
Adani Ports and SEZ	BUY	386	460	19.2	799	11.3	2,071	19	23	29	1.2	21.1	29.8	20.6	17.0	13.1	14.0	11.6	10.2	3.3	2.8	2.3	17.0	17.7	19.4	0.5	0.5	0.5	23.7
Ashoka Buildcon	BUY	137	235	71.3	39	0.5	282	9	10	10	4.1	17.8	(1.3)	15.7	13.3	13.5	10.2	8.5	7.9	1.7	1.6	1.4	11.8	12.3	11.0	1.2	0.9	0.9	6.6
Container Corp.	SELL	641	635	(0.9)	312	4.4	487	21	25	29	17.4	20.9	15.0	30.9	25.6	22.3	19.0	15.1	12.4	3.1	2.8	2.6	10.3	11.6	12.3	1.4	1.6	1.5	6.4
Dilip Buildcon	BUY	797	1,230	54.4	109	1.5	137	54	71	85	17.2	31.0	19.7	14.6	11.2	9.3	7.4	5.9	5.0	3.4	2.6	2.0	26.1	26.1	24.2	—	—	—	8.3
Gateway Distriparks	BUY	188	250	33.1	20	0.3	109	7	8	11	(5.8)	15.2	37.5	26.2	22.8	16.5	11.6	9.6	7.9	3.5	3.1	2.6	9.8	14.5	17.1	—	1.6	1.6	0.7
Gujarat Pipavav Port	BUY	110	150	35.5	53	0.8	483	5.3	6.5	7.8	29.7	22.9	19.3	20.7	16.9	14.1	11.0	9.0	7.5	2.6	2.5	2.5	12.7	15.3	17.8	4.0	4.9	5.7	0.9
IRB Infrastructure	BUY	193	320	66.2	68	1.0	351	31	33	23	36.8	7.1	(31.3)	6.2	5.8	8.5	6.6	7.0	8.3	1.0	0.9	0.8	17.6	16.3	10.0	1.6	2.1	2.2	5.6
Mahindra Logistics	REDUCE	556	565	1.6	40	0.6	71	15	21	25	50.7	39.3	23.7	37.6	27.0	21.9	20.9	15.2	12.0	7.8	6.3	5.1	22.7	25.8	25.8	—	—	—	0.6
Sadbhav Engineering	BUY	284	435	53.4	49	0.7	172	17	22	23	31.7	31.0	2.6	16.7	12.8	12.4	12.0	9.4	7.9	2.3	2.0	1.7	14.5	16.5	14.7	—	—	—	1.0
<b>Infrastructure</b>	<b>Attractive</b>				<b>1,489</b>	<b>21</b>					<b>11.1</b>	<b>20.6</b>	<b>16.7</b>	<b>19.4</b>	<b>16.0</b>	<b>13.8</b>	<b>11.9</b>	<b>10.1</b>	<b>9.2</b>	<b>2.9</b>	<b>2.5</b>	<b>2.2</b>	<b>14.8</b>	<b>15.5</b>	<b>15.7</b>	<b>0.8</b>	<b>0.9</b>	<b>0.9</b>	<b>47.7</b>
<b>Internet</b>																													
Info Edge	ADD	1,576	1,425	(9.6)	192	2.7	122	26	33	40	14.9	27.5	20.6	61.0	47.8	39.6	46.5	35.2	28.6	7.2	6.5	5.9	13.2	14.3	15.6	0.5	0.5	0.6	2.8
Just Dial	ADD	552	610	10.6	37	0.5	67	26	30	33	23.0	15.0	9.4	21.1	18.4	16.8	11.7	9.5	8.0	3.3	2.8	2.5	16.7	16.6	15.7	—	0.5	0.6	43.9
<b>Internet</b>	<b>Cautious</b>				<b>229</b>	<b>3</b>					<b>17.6</b>	<b>23.0</b>	<b>16.8</b>	<b>46.8</b>	<b>38.0</b>	<b>32.5</b>	<b>34.5</b>	<b>27.2</b>	<b>22.8</b>	<b>6.1</b>	<b>5.4</b>	<b>4.8</b>	<b>12.9</b>	<b>14.2</b>	<b>14.7</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>46.7</b>
<b>Media</b>																													
DB Corp.	REDUCE	232	270	16.2	43	0.6	184	20	23	26	14.9	12.3	14.8	11.5	10.2	8.9	6.2	5.5	—	2.3	2.2	—	20.7	22.3	25.2	7.2	9.1	10.9	0.6
DishTV	ADD	71	90	27.1	130	1.8	1,925	1.8	3.4	4.9	514.6	88.2	42.6	NM	20.6	14.4	6.1	4.8	3.9	1.9	1.8	1.6	5.1	8.9	11.5	—	—	—	7.6
Jagran Prakashan	REDUCE	123	131	6.2	37	0.5	311	11	12	14	10.0	13.6	14.5	11.6	10.2	8.9	5.1	4.4	3.8	1.9	1.8	1.7	15.9	18.2	19.7	4.1	6.1	6.9	0.6
PVR	BUY	1,366	1,430	4.7	64	0.9	47	38	50	61	41.2	32.3	22.4	36.0	27.2	22.2	13.8	11.7	9.9	5.2	4.4	3.8	15.3	17.6	18.3	0.3	0.4	0.4	11.2
Sun TV Network	REDUCE	768	925	20.4	303	4.3	394	35	39	43	20.7	10.9	10.7	22.1	19.9	18.0	15.0	13.0	11.2	5.9	5.3	4.8	28.1	27.9	27.9	2.3	2.6	2.9	20.0
Zee Entertainment Enterprises	ADD	505	600	18.8	485	6.9	960	17	20	22	11.3	17.0	13.9	30.2	25.8	22.7	18.7	15.8	13.7	5.7	5.0	4.4	19.9	20.6	20.7	0.9	1.1	1.4	17.1
<b>Media</b>	<b>Attractive</b>				<b>1,061</b>	<b>15</b>					<b>28.7</b>	<b>21.0</b>	<b>17.2</b>	<b>25.4</b>	<b>21.0</b>	<b>17.9</b>	<b>12.1</b>	<b>10.3</b>	<b>8.6</b>	<b>4.1</b>	<b>3.7</b>	<b>3.6</b>	<b>16.3</b>	<b>17.7</b>	<b>19.8</b>	<b>1.5</b>	<b>1.8</b>	<b>2.1</b>	<b>57.1</b>

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)		Upside (%)	Mkt cap. (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)
		29-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	
<b>Metals &amp; Mining</b>																													
Coal India	ADD	286	326	13.9	1,777	25.2	6,207	27	28	28	138.2	3.0	0.7	10.6	10.3	10.3	6.9	6.5	6.2	6.7	7.0	7.2	66.1	66.4	69.1	7.0	8.7	8.7	15.6
Hindalco Industries	BUY	237	305	28.7	532	7.5	2,229	27	31	34	25.1	13.6	10.2	8.7	7.6	6.9	5.6	4.9	4.3	0.9	0.8	0.7	10.6	10.8	10.8	0.5	0.5	0.5	34.0
Hindustan Zinc	ADD	298	290	(2.8)	1,261	17.9	4,225	22	26	27	3.7	14.7	5.4	13.4	11.7	11.1	7.8	6.5	5.7	3.1	2.6	2.3	24.4	24.2	22.1	2.7	2.7	2.7	7.5
Jindal Steel and Power	REDUCE	218	215	(1.2)	211	3.0	968	8	14	22	195.9	68.5	60.8	26.7	15.9	9.9	7.0	6.3	5.4	0.7	0.7	0.6	2.7	4.3	6.5	—	—	—	28.0
JSW Steel	ADD	399	350	(12.3)	964	13.7	2,417	30	27	30	10.2	(8.7)	11.7	13.5	14.8	13.2	7.9	8.7	7.3	2.8	2.4	2.1	22.4	17.3	16.7	0.8	0.8	0.8	20.4
National Aluminium Co.	ADD	77	80	4.3	148	2.1	1,933	9	7	8	125.8	(21.1)	2.4	8.2	10.4	10.2	3.9	4.9	4.9	1.4	1.4	1.3	16.8	13.0	13.3	7.8	7.8	7.8	10.7
NMDC	REDUCE	108	120	10.7	343	4.9	3,164	12	10	11	4.2	(14.3)	5.9	8.9	10.4	9.8	5.4	6.3	5.8	1.3	1.3	1.2	15.3	12.4	12.5	5.1	5.1	5.1	4.8
Tata Steel	ADD	594	660	11.1	681	9.6	1,205	76	85	94	12.8	12.1	10.9	7.8	7	6.3	6.0	6.3	5.9	1.0	1.0	0.9	14.3	14.3	14.4	1.7	1.7	1.7	70.1
Vedanta	BUY	228	370	62.2	848	12.0	3,717	32	39	38	49.1	19.7	(0.7)	7.1	5.9	6.0	4.7	3.8	3.5	1.2	1.1	1.0	18.0	19.4	17.2	4.2	5.1	5.0	48.4
<b>Metals &amp; Mining</b>		<b>Attractive</b>			<b>6,765</b>	<b>96</b>					<b>41.7</b>	<b>7.7</b>	<b>5.9</b>	<b>10.1</b>	<b>9.4</b>	<b>8.9</b>	<b>6.2</b>	<b>5.8</b>	<b>5.3</b>	<b>1.8</b>	<b>1.7</b>	<b>1.5</b>	<b>18.0</b>	<b>17.8</b>	<b>17.1</b>	<b>3.6</b>	<b>4.2</b>	<b>4.2</b>	<b>239.5</b>
<b>Pharmaceutical</b>																													
Apollo Hospitals	ADD	1,193	1,090	(8.7)	166	2.4	139	20	27	33	133.5	36.7	21.6	60.6	44.3	36.4	20.9	17.7	15.5	4.8	4.5	4.1	8.2	10.5	11.8	0.4	0.6	0.7	13.4
Aster DM Healthcare	BUY	176	240	36.1	89	1.3	505	5	8	12	74.4	62.0	51.4	36.7	22.7	15.0	13.0	10.3	8.0	2.9	2.6	2.3	8.3	12.2	16.3	—	—	—	0.3
Aurobindo Pharma	ADD	690	640	(7.3)	405	5.7	584	40	48	54	(4.5)	20.1	13.1	17.3	14.4	12.7	11.6	9.6	8.3	2.9	2.5	2.1	18.4	17.3	16.8	0.8	0.9	1.1	24.6
Biocon	SELL	613	330	(46.1)	368	5.2	601	8	15	18	35.9	75.7	21.7	72.8	41.4	34.0	31.7	21.2	18.0	6.1	5.5	4.9	8.7	13.9	14.3	0.5	0.8	1.0	22.2
Cipla	BUY	644	680	5.7	518	7.3	805	24	31	40	34.5	31.0	29.4	27.3	20.9	16.1	15.4	12.2	9.5	3.2	2.9	2.5	12.4	14.6	15.7	0.8	1.0	1.3	26.9
Dr Lal Pathlabs	REDUCE	1,043	900	(13.7)	87	1.2	83	24	29	34	19.0	17.9	18.4	42.8	36.3	30.7	26.4	22.2	18.2	9.2	7.7	6.5	23.4	23.1	22.9	0.5	0.6	0.7	1.4
Dr Reddy's Laboratories	REDUCE	2,384	2,150	(9.8)	396	5.6	166	89	118	141	50.2	32.8	19.3	26.9	20.2	17.0	13.5	9.6	8.0	2.8	2.5	2.3	11.1	12.6	13.3	0.6	0.8	0.9	37.2
HCG	REDUCE	266	290	8.9	23	0.3	85	2	4	7	39.8	80.3	80.8	121.8	67.6	37.4	19.4	16.1	12.4	4.2	4.0	3.6	3.5	6.1	10.1	—	—	—	0.2
Laurus Labs	ADD	440	500	13.7	47	0.7	106	16	29	34	2.4	79.9	17.5	27.1	15.1	12.8	12.5	8.7	7.6	2.8	2.4	2.0	10.9	17.1	15.6	—	—	—	0.6
Lupin	REDUCE	887	800	(9.8)	401	5.7	450	27	39	50	(28.9)	44.0	27.4	32.7	22.7	17.8	15.3	11.1	8.9	2.7	2.5	2.2	8.6	11.4	12.4	0.5	0.7	0.8	44.1
Narayana Hrudayalaya	ADD	251	265	5.6	51	0.7	204	3	6	9	23.0	103.2	40.7	81.2	39.9	28.4	23.0	16.1	12.9	4.7	4.2	3.6	5.9	11.0	13.7	—	—	—	0.2
Sun Pharmaceuticals	REDUCE	621	520	(16.3)	1,491	21.1	2,406	17	24	29	11.1	42.5	20.5	36.9	25.9	21.5	20.1	14.8	12.4	3.6	3.2	2.8	10.2	13.1	13.3	0.5	0.8	0.9	61.7
Torrent Pharmaceuticals	NR	1,769	—	—	299	4.2	169	47	61	81	18.0	29.6	32.1	37.4	28.9	21.8	16.3	14.0	11.5	5.7	5.0	4.2	15.3	17.2	19.3	0.6	0.8	1.1	7.8
<b>Pharmaceuticals</b>		<b>Neutral</b>			<b>4,340</b>	<b>62</b>					<b>11.3</b>	<b>37.2</b>	<b>22.7</b>	<b>32.7</b>	<b>23.9</b>	<b>19.5</b>	<b>16.9</b>	<b>12.9</b>	<b>10.7</b>	<b>3.6</b>	<b>3.2</b>	<b>2.8</b>	<b>10.9</b>	<b>13.2</b>	<b>14.3</b>	<b>0.5</b>	<b>0.8</b>	<b>0.9</b>	<b>240.6</b>
<b>Real Estate</b>																													
Brigade Enterprises	BUY	208	290	39.7	28	0.4	136	9	15	17	(17.0)	59.2	15.8	22.6	14.2	12.3	13.6	10.5	8.4	1.2	1.1	1.0	5.4	8.1	8.8	1.2	1.2	1.2	0.3
DLF	RS	218	—	—	388	5.5	1,784	5.3	23.9	14.1	(87.2)	354.6	(41.0)	41.4	9.1	15.4	56.6	9.9	18.6	1.1	1.0	0.9	2.6	11.3	6.2	0.9	0.9	0.9	16.6
Godrej Properties	SELL	702	400	(43.0)	161	2.3	216	13.3	15.8	18.2	(38.9)	19.1	15.2	53.0	44.5	38.6	312.2	162.6	134.0	4.5	4.1	3.7	10.5	9.7	10.1	—	—	—	1.8
Oberoi Realty	BUY	457	560	22.6	166	2.4	340	62	44	66	385.4	(28.0)	49.3	7.4	10.3	6.9	10.2	12.8	5.6	1.7	1.5	1.2	27.4	15.2	19.2	0.4	0.4	0.4	2.1
Prestige Estates Projects	ADD	236	315	33.2	89	1.3	375	19	21	11	(24.2)	8.4	—	12.4	11.5	22.2	10.4	10.5	14.1	0.9	0.8	—	14.6	14.9	7.3	1.3	1.3	0.6	1.0
Sobha	REDUCE	466	510	9.4	44	0.6	95	23	36	24	(48.8)	51.7	(32.6)	19.9	13.1	19.4	11.9	9.3	11.6	2.0	1.8	1.7	9.0	14.8	9.1	1.5	1.5	1.5	1.5
Sunteck Realty	REDUCE	514	360	(29.9)	75	1.1	140	19	19	39	22.4	1.6	106.6	27.5	27.1	13.1	22.6	21.9	9.7	2.5	2.3	2.0	9.5	8.9	16.2	0.2	0.2	0.2	2.0
<b>Real Estate</b>		<b>Neutral</b>			<b>951</b>	<b>13</b>					<b>(53.1)</b>	<b>65.1</b>	<b>(14.4)</b>	<b>20.3</b>	<b>12.3</b>	<b>14.4</b>	<b>20.9</b>	<b>12.3</b>	<b>13.8</b>	<b>1.4</b>	<b>1.3</b>	<b>1.3</b>	<b>7.1</b>	<b>10.6</b>	<b>9.0</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>25.4</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)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)
		29-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	
<b>Technology</b>																													
HCL Technologies	REDUCE	1,033	1,025	(0.8)	1,438	20.4	1,409	70	74	77	12.8	5.0	5.0	14.7	14.0	13.3	9.7	8.8	8.2	3.3	2.9	2.6	24.2	21.8	20.5	0.8	3.0	3.2	31.8
Hexaware Technologies	SELL	432	435	0.8	128	1.8	302	20	23	25	18.4	18.0	10.0	22.0	18.7	17.0	16.4	12.9	11.4	5.6	4.8	4.2	27.4	27.8	26.3	1.9	1.9	2.3	20.5
Infosys	ADD	1,410	1,400	(0.7)	3,080	43.7	2,175	71	78	85	9.7	10.4	9.1	19.9	18.0	16.5	13.6	12.2	11.0	4.4	4.0	3.7	23.0	23.5	23.3	3.1	2.8	3.0	82.7
L&T Infotech	ADD	1,792	2,000	11.6	310	4.4	175	83	94	109	30.5	13.0	16.5	21.6	19.1	16.4	16.6	13.9	11.8	6.5	5.3	4.4	33.5	30.7	29.2	1.3	1.5	1.7	4.6
Mindtree	ADD	1,035	1,115	7.7	170	2.4	165	43	53	62	24.9	23.6	15.9	24.0	19.4	16.8	15.1	12.1	10.3	5.3	4.5	3.9	23.9	25.2	24.9	1.2	1.5	1.8	22.9
Mphasis	SELL	1,248	825	(33.9)	241	3.4	193	53	57	59	20.5	7.1	4.6	23.6	22.0	21.1	17.5	15.5	14.5	4.6	4.2	3.9	18.7	19.9	19.2	1.6	2.0	2.4	6.5
TCS	REDUCE	2,066	1,790	(13.4)	7,909	112.1	3,829	82	89	96	21.2	8.8	7.4	25.3	23.2	21.6	18.5	17.1	15.8	8.0	7.8	7.7	33.4	33.8	35.9	2.0	3.4	3.7	94.3
Tech Mahindra	ADD	734	785	6.9	648	9.2	891	46	55	61	8.3	18.2	11.1	15.9	13.5	12.1	9.6	7.8	6.7	3.0	2.6	2.2	20.2	20.5	19.5	1.3	1.4	1.5	39.7
Wipro	REDUCE	297	295	(0.6)	1,343	19.0	4,507	19	22	23	11.8	14.6	7.7	15.7	13.7	12.7	9.9	8.7	7.9	2.4	2.2	2.1	16.4	16.8	16.8	0.5	3.4	3.7	12.7
<b>Technology</b>	<b>Cautious</b>				<b>15,268</b>	<b>216</b>					<b>13.1</b>	<b>9.7</b>	<b>8.0</b>	<b>21.1</b>	<b>19.2</b>	<b>17.8</b>	<b>14.6</b>	<b>13.1</b>	<b>12.0</b>	<b>5.0</b>	<b>4.7</b>	<b>4.3</b>	<b>23.8</b>	<b>24.2</b>	<b>24.2</b>	<b>1.9</b>	<b>3.0</b>	<b>3.3</b>	<b>315.8</b>
<b>Telecom</b>																													
Bharti Airtel	ADD	375	445	18.7	1,499	21.2	3,997	(6)	(4)	5	(221.5)	28.8	215.1	(65.2)	(91.6)	79.6	9.7	8.2	6.5	2.3	2.3	2.3	(3.4)	(2.5)	2.9	0.3	(0.2)	0.3	25.2
Bharti Infratel	REDUCE	284	285	0.5	525	7.4	1,850	13	12	13	(4.8)	(8.5)	7.7	21.7	23.7	22.0	8.0	8.5	8.0	3.2	3.2	3.2	14.6	13.7	14.6	3.7	3.4	3.7	11.4
IDEA	REDUCE	50	45	(9.2)	216	3.1	4,359	(17)	(17)	(15)	(75.6)	(2.4)	11.4	(3.0)	(2.9)	(3.3)	34.2	29.0	18.1	1.0	1.5	2.7	(29.7)	(41.1)	(59.4)	—	—	—	14.9
Tata Communications	ADD	549	660	20.3	156	2.2	285	0	3	7	(77.5)	694.2	123.5	1,481	186.5	83.5	10.9	9.6	8.6	(68.2)	(92.6)	(1,793.4)	7.8	(42.1)	(211.0)	1.2	1.4	1.4	3.8
<b>Telecom</b>	<b>Cautious</b>				<b>2,396</b>	<b>34</b>					<b>(2,384.5)</b>	<b>5.0</b>	<b>68.0</b>	<b>(33.3)</b>	<b>(35.1)</b>	<b>(109.8)</b>	<b>10.9</b>	<b>9.6</b>	<b>7.9</b>	<b>2.3</b>	<b>2.5</b>	<b>2.7</b>	<b>(6.9)</b>	<b>(7.2)</b>	<b>(2.4)</b>	<b>1.0</b>	<b>0.6</b>	<b>1.0</b>	<b>55.2</b>
<b>Utilities</b>																													
CESC	BUY	989	1,180	19.3	131	1.9	133	115	128	141	31.7	11.6	10.1	8.6	7.7	7.0	5.9	5.3	4.7	0.8	0.8	0.7	10.0	10.4	10.5	1.3	1.3	1.3	6.3
JSW Energy	REDUCE	68	70	2.3	112	1.6	1,640	5.1	6.5	6.6	65.9	26.8	2.9	13.5	10.6	10.3	5.7	4.8	4.3	0.9	0.9	0.8	7.2	8.5	8.0	—	—	—	1.6
NHPC	ADD	25	30	19.0	259	3.7	10,260	3.1	3.2	3.4	26.9	1.8	8.0	8.1	8.0	7.4	7.4	7.2	7.7	0.8	0.8	0.8	10.4	10.2	10.6	6.9	7.0	5.9	1.8
NTPC	BUY	166	190	14.4	1,369	19.4	8,245	15	16	18	30.9	4.4	16.5	11.1	10.7	9.2	8.9	8.2	6.9	1.2	1.2	1.1	11.6	11.3	12.2	2.7	2.8	3.3	12.6
Power Grid	BUY	194	250	29.1	1,013	14.4	5,232	19	21	23	19.3	13.6	7.6	10.3	9.1	8.4	7.3	6.7	6.4	1.7	1.5	1.4	17.1	17.5	17.0	3.2	3.7	4.0	24.3
Tata Power	BUY	77	90	17.1	208	2.9	2,705	6.0	7.0	10.9	12.7	15.6	57.0	12.8	11.0	7.0	10.8	10.4	9.1	1.2	1.1	1.0	10.1	10.6	14.6	—	—	—	4.2
<b>Utilities</b>	<b>Attractive</b>				<b>3,092</b>	<b>44</b>					<b>26.0</b>	<b>8.8</b>	<b>14.1</b>	<b>10.6</b>	<b>9.7</b>	<b>8.5</b>	<b>8.0</b>	<b>7.4</b>	<b>6.7</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>	<b>11.9</b>	<b>12.0</b>	<b>12.5</b>	<b>2.9</b>	<b>3.1</b>	<b>3.3</b>	<b>50.9</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)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)
		29-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	
<b>Others</b>																													
Aditya Birla Fashion and Retail	BUY	201	220	9.4	155	2.2	773	2	4	6	50.6	59.1	53.5	87.6	55.1	35.9	25.5	19.9	16.2	12.2	10.0	7.8	15.0	20.0	24.5	—	—	—	4.0
Astral Poly Technk	SELL	1,105	640	(42.1)	132	1.9	120	19	25	29	30.2	28.8	16.1	57.9	44.9	38.7	31.1	24.7	21.0	10.2	8.4	7.0	19.8	20.5	19.7	0.1	0.1	0.1	1.2
Avenue Supermarts	SELL	1,603	860	(46.4)	1,000	14.2	624	16	20	26	28.6	26.4	27.5	99.2	78.4	61.5	57.2	44.9	35.4	17.7	14.4	11.7	19.6	20.3	21.0	—	—	—	—
Bayer Cropscience	REDUCE	4,263	4,100	(3.8)	168	2.4	34	106	130	154	20.5	23.1	18.3	40.4	32.8	27.7	29.6	24.1	20.1	7.1	6.1	5.2	18.9	20.0	20.3	0.5	0.6	0.7	0.5
Dhanuka Agritech	ADD	540	650	20.4	27	0.4	49	27	31	34	3.9	15.4	10.8	20.2	17.5	15.8	14.7	12.1	10.5	3.6	3.1	2.7	19.2	19.2	18.5	1.1	1.2	1.4	0.2
Godrej Agrovet	ADD	589	640	8.7	113	1.6	189	15	19	23	28.9	28.8	21.1	39.7	30.8	25.4	21.5	16.9	14.1	5.8	5.0	4.2	15.7	17.4	17.9	0.4	0.5	0.6	1.0
Godrej Industries	RS	630	—	—	212	3.0	336	16	20	—	8.9	24.2	—	39.7	32.0	—	32.3	35.2	—	5.2	4.5	—	13.9	15.1	—	0.3	0.3	—	4.8
InterGlobe Aviation	BUY	967	1,220	26.2	372	5.3	383	50	83	99	(17.9)	65.3	19.5	19.4	11.7	9.8	10.7	6.1	4.9	4.2	3.2	2.5	24.1	31.1	28.6	0.5	0.8	1.0	20.9
Kaveri Seed	SELL	637	515	(19.2)	42	0.6	66	34	34	37	7.3	0.1	8.3	18.6	18.5	17.1	15.7	14.9	13.4	4.5	3.9	3.4	26.4	22.4	21.0	1.3	1.6	1.6	5.2
PI Industries	BUY	756	875	15.8	104	1.5	138	31	40	48	17.9	26.8	21.5	24.1	19.0	15.7	17.1	13.4	10.8	4.6	3.8	3.1	20.5	21.7	21.9	0.5	0.6	0.8	1.5
Rallis India	ADD	205	220	7.4	40	0.6	195	10	12	13	17.2	19.4	9.7	20.3	17.0	15.5	13.3	11.2	9.9	3.1	2.8	2.5	15.8	17.1	16.9	1.8	1.9	2.1	0.8
SIS	REDUCE	1,093	1,130	3—	80	1.1	73	33	40	48	48.5	21.1	17.8	32.8	27.1	23.0	20.5	17.2	14.4	6.5	5.4	4.4	21.8	21.7	21.1	0.3	0.3	0.4	0.7
SRF	BUY	2,053	2,200	7.2	118	1.7	57	100	132	150	23.8	32.2	14.1	20.6	15.6	13.7	11.8	9.4	8.0	2.9	2.5	2.2	15.0	17.3	17.0	0.6	0.7	0.8	11.4
Tata Chemicals	ADD	758	760	0.3	193	2.7	255	44	51	56	(15.3)	14.6	11.5	17.2	15.0	13.4	7.2	6.0	5.2	1.6	1.5	1.4	9.7	10.3	10.8	2.0	2.2	2.2	6.9
TeamLease Services	SELL	2,640	1,785	(32.4)	45	0.6	17	58	75	96	34.2	29.0	28.7	45.6	35.4	27.5	46.2	35.1	27.1	8.3	6.8	5.4	20.1	21.1	21.9	—	—	—	1.4
UPL	ADD	680	660	(2.9)	346	4.9	507	49	55	60	14.0	12.1	9.6	13.9	12.4	11.3	9.3	8.0	6.9	3.1	2.6	2.2	24.6	22.9	21.1	1.5	1.6	1.8	23.9
Vardhman Textiles	ADD	1,120	1,300	16.1	64	0.9	56	118	130	142	14.8	9.7	9.8	9.5	8.6	7.9	7.1	6.5	5.7	1.2	1.1	1.0	13.1	13.0	13.0	1.8	2.7	2.7	0.9
Whirlpool	SELL	1,790	1,350	(24.6)	227	3.2	127	37	46	56	33.9	24.7	20.2	48.4	38.8	32.3	29.8	23.6	19.4	10.5	8.7	7.4	23.7	24.5	24.8	0.4	0.5	0.9	1.2
<b>Others</b>					<b>3,439</b>		<b>49</b>				<b>7.1</b>	<b>27.4</b>	<b>11.5</b>	<b>30.8</b>	<b>24.2</b>	<b>21.7</b>	<b>18.5</b>	<b>14.6</b>	<b>11.7</b>	<b>5.1</b>	<b>4.4</b>	<b>3.9</b>	<b>16.7</b>	<b>18.1</b>	<b>18.2</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>86.5</b>
<b>KIE universe</b>					<b>116,577</b>	<b>1,652</b>				<b>24.3</b>	<b>26.9</b>	<b>14.2</b>	<b>22.7</b>	<b>17.9</b>	<b>15.7</b>	<b>11.3</b>	<b>10.1</b>	<b>9.0</b>	<b>2.9</b>	<b>2.6</b>	<b>2.4</b>	<b>12.8</b>	<b>14.7</b>	<b>15.2</b>	<b>1.3</b>	<b>1.6</b>	<b>1.8</b>		
<b>KIE universe (ex-energy)</b>					<b>101,983</b>	<b>1,445</b>				<b>30.0</b>	<b>32.8</b>	<b>16.2</b>	<b>25.3</b>	<b>19.1</b>	<b>16.4</b>	<b>12.5</b>	<b>11.0</b>	<b>9.8</b>	<b>3.2</b>	<b>2.9</b>	<b>2.6</b>	<b>12.8</b>	<b>15.3</b>	<b>16.0</b>	<b>1.2</b>	<b>1.6</b>	<b>1.7</b>		

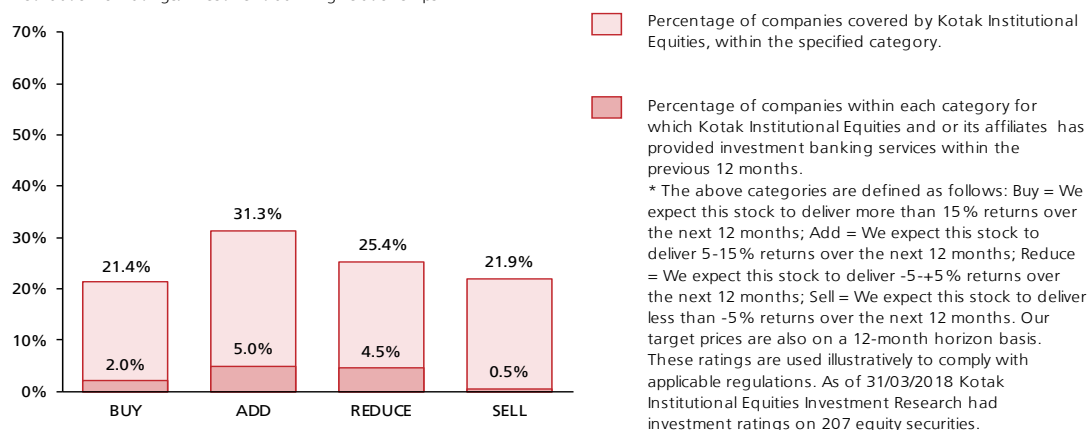
Notes:

- (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\$)= 70.57

Source: Company, Bloomberg, Kotak Institutional Equities estimates

**Kotak Institutional Equities Research coverage universe**

Distribution of ratings/investment banking relationships



Source: Kotak Institutional Equities

As of June 30, 2018

**Ratings and other definitions/identifiers**

**Definitions of ratings**

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

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

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

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

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

**Other definitions**

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

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