INDIA

October 05, 2017

BSE-30: 31,592

CPI inflation:3.36%

US$/INR: 65.1

September 2017 quarter earnings preview. We model 5.7% yoy growth in net profits of our coverage universe, led by strong growth in consumers (restocking post GST-implementation and early/strong festive season), energy (higher refining margins and large adventitious gains for downstream companies), industrials and metals & mining (higher realizations and consequent improvement in profitability) sectors, despite drag from automobiles (margin compression due to high input costs), pharmaceuticals (pressure in US revenues due to lack of meaningful approvals) and telecom (increase in indirect taxes, continuation of hyper-competitive sector activity). We expect net income of the BSE-30 Index to decline 4% yoy while that of the Nifty-50 Index to increase 8.4% yoy, led by strong earnings growth in the downstream companies. We estimate EPS of BSE-30 Index at ₹1,439 for FY2018E and ₹1,812 for FY2019E. Our EPS estimates for Nifty-50 Index for FY2018E and FY2019E are ₹468 and ₹582.

We expect the net income of the KIE universe to grow 5.7% yoy in 2QFY18

Sector-wise earnings of the KIE universe

	Sales growth (%)		EBITDA growth (%)		EBITDA margin (%)			PAT growth (%)	
	yoy	qoq	yoy	qoq	Sep-16	Jun-17	Sep-17E	yoy	qoq
Automobiles	13.3	15.2	2.6	22.3	13.0	11.1	11.8	(11.5)	28.7
Banks/Financial Institutions	16.3	4.3	—	—	—	—	—	1.0	4.6
Cement	9.0	(12.6)	8.5	(22.0)	19.1	21.3	19.0	15.0	(16.7)
Consumer Products	9.0	1.4	12.9	3.2	21.0	21.3	21.7	13.1	6.2
Energy	23.9	4.3	47.5	40.8	11.7	10.3	13.9	25.3	33.1
Industrials	7.8	10.2	15.0	30.0	8.4	7.6	9.0	23.9	38.9
Infrastructure	12.2	(10.2)	7.8	(4.6)	42.2	38.2	40.6	1.3	12.2
Internet	10.5	4.6	20.0	7.3	23.5	24.9	25.6	(15.1)	(9.1)
Media	(1.6)	(4.5)	(3.7)	(3.4)	32.1	31.0	31.4	(7.7)	0.9
Metals & Mining	24.6	8.3	42.7	3.7	17.2	20.6	19.7	99.5	7.8
Others	9.6	(1.8)	15.2	(12.8)	13.4	15.8	14.1	32.7	(21.4)
Pharmaceuticals	(0.9)	11.1	(23.4)	25.8	25.6	17.5	19.8	(33.5)	39.3
Real estate	9.8	5.5	(6.9)	2.6	35.3	30.8	30.0	(9.8)	13.3
Technology	4.1	3.2	0.4	5.5	23.8	22.4	22.9	(1.9)	0.5
Telecom	(10.5)	(1.6)	(23.6)	(6.6)	34.5	31.0	29.4	(108.2)	(165.2)
Utilities	3.6	(2.0)	2.7	0.7	40.9	39.4	40.5	(11.1)	6.8
KIE universe	14.3	5.3	13.8	12.8	16.3	15.1	16.2	5.7	11.5
KIE universe (ex-energy)	10.2	5.7	4.5	4.6	18.2	17.5	17.3	1.0	6.4

Source: Kotak Institutional Equities estimates

We expect the net income of the BSE-30 Index to decline 4% yoy in 2QFY18

Sector-wise earnings of the BSE-30 Index

	Sales growth (%)		EBITDA growth (%)		EBITDA margin (%)			PAT growth (%)	
	yoy	qoq	yoy	qoq	Sep-16	Jun-17	Sep-17E	yoy	qoq
Automobiles	9.1	16.9	(3.3)	18.5	12.5	10.9	11.1	(19.4)	18.9
Banking	19.5	3.6	—	—	—	—	—	3.5	5.9
Consumers	8.7	3.4	13.3	3.6	27.1	28.2	28.2	12.4	6.3
Energy	23.5	13.9	17.0	8.6	22.0	21.9	20.9	(13.4)	(11.4)
Industrials	6.6	11.2	8.1	20.8	9.2	8.6	9.3	27.4	47.3
Infrastructure	32.5	5.4	18.0	10.1	66.9	57.1	59.6	(11.6)	34.1
Metals & Mining	18.2	3.5	92.4	(21.8)	7.5	16.1	12.2	533.5	(22.2)
Pharmaceuticals	(5.2)	11.4	(33.9)	28.5	27.5	16.6	19.2	(44.8)	44.0
Technology	2.6	2.9	(0.9)	5.5	25.8	24.3	25.0	(4.3)	1.9
Telecom	(11.6)	(0.7)	(21.7)	(4.7)	38.3	35.3	33.9	(83.1)	(43.1)
Utilities	5.4	(0.7)	3.5	(0.4)	42.5	41.5	41.7	3.2	(2.0)
BSE-30 Index	10.9	8.8	4.0	4.9	19.2	18.7	18.0	(4.1)	1.5
BSE-30 Index (ex-energy)	7.6	7.4	0.0	3.6	18.4	17.8	17.1	(1.6)	4.9

Source: Kotak Institutional Equities estimates

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Kotak Institutional Equities Research

Important disclosures appear at the back

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The prices in this report are based on the market close of October 5, 2017.

SECTORS-WISE EXPECTATIONS

Exhibit 1: Yoy decline in net profits of automobiles, pharmaceuticals, real estate and telecom sectors
Sector-wise expectations for the September 2017 quarter results

	Key points	Key points
Automobiles	We expect a muted quarter for auto companies. Revenue/EBITDA are likely to improve by 13%/3% yoy but net profit will decline by 12% yoy. We estimate revenue growth for companies under our coverage excluding Tata Motors to increase by 21% yoy but EBITDA margin will likely decline by 200 bps yoy due to higher commodity prices. We expect Ashok Leyland, Bharat Forge, Eicher Motors, Motherson Sumi and Wabco India to report a strong quarter.	We estimate EBITDA of Ashok Leyland, Eicher Motor and TVS Motors to increase by 24%/31%/19% yoy in 2QFY18. Ashok Leyland, Eicher Motors and TVS Motors reported strong volume growth in 2QFY18 (16%-23% yoy), which will likely boost their earnings growth. We expect Bajaj Auto to report a 15% yoy decline in EBITDA in 2QFY18 led by 410 bps yoy decline in its EBITDA margin due to a sharp decline in profitability in the motorcycle segment.
Banks	We see weak headline earnings growth for the sector. Underlying trends are broadly similar to trends in previous quarters, reflecting low loan growth, stable-to-negative margins and continued high credit costs. We see public banks reporting lower slippages qoq, but high provisions will continue. Also, most banks will see lower treasury gains except for ICICI Bank and SBI, which will book gains from stake sales in their general and life insurance subsidiaries respectively.	We expect most banks to report an improvement in their impairment ratios. We could see some pullback from high retail/SME slippages witnessed in 1QFY18 but recovery in agriculture loans is likely to be slow. We do not expect corporate loans to see any major negative surprises but telecom sector stress will likely be in focus.
NBFC	2QFY18 will likely be a strong quarter for most NBFCs due to (1) festive season sales partly reflecting in the month of September, (2) strong buoyancy in rural India post a near-normal monsoon and (3) inventory restocking and gradual pickup in business in 2QFY17 from weak 1QFY17 levels.	While GST implementation will likely impact small businesses, it is not clear how much of this will be reflected during the current quarter. The implementation of RERA significantly affected business momentum in the real estate sector during the first two months of the quarter leading to a slowdown in retail housing finance as well. However, the microfinance business reverted to near-normal levels. Capital market momentum was strong with record inflows into domestic mutual funds and 50% yoy growth in cash equity volumes. NBFCs with strong underlying momentum in 2QFY18: Bajaj Finance, Bharat Financial Holdings, Mahindra Finance and IIFL Holdings.
Cement	All-India retail cement prices declined by Rs8/bag qoq in 2QFY18, reflective of the weakness during the monsoon period. Price decline will likely be sharper in the Northern and Central regions, where prices have dropped by Rs14/bag qoq. Sequential price decline in other regions is less muted. On a yoy comparison, all-India prices are up Rs12/bag, with prices in West (Rs36/bag) and South (Rs15/bag) showing stronger gains compared to prices in other regions.	We expect pan-India players to report volume growth of 5-8% yoy, with ACC benefiting from an expanded capacity base. Shree Cement (+15% yoy) and India Cement (+10% yoy) will likely report high double-digit growth within our coverage universe. Orient Cement will likely report 19% yoy growth in realizations owing to its large presence in the West, where prices were significantly lower in 2QFY17.
Consumer products	We note that reported numbers for 2QFY18 will not be strictly comparable to our sales/margin estimates due to GST-led accounting changes. Disclaimers done, we expect 2QFY18 to be a relatively robust quarter aided by restocking post GST-implementation (although wholesale and CSD channels have not yet fully recovered) and the early/strong festive season. Overall, we expect aggregate revenues to grow by ~9% (staples to grow at 8% and discretionary growth higher at 11%) and EBITDA/recurring PAT to grow at 13% yoy. Aggregate EBITDA margin is likely to expand 80 bps yoy (higher in staples) aided by flattish A&SP spends (as % of sales), cost-saving initiatives and GST-led tailwinds (indirect savings).	**ITC:** We model 4% decline in cigarette volumes yoy and a 12% increase in gross realizations (portfolio-level; dragged by adverse mix). We forecast 11% yoy growth in cigarette EBIT. We model modest acceleration in yoy growth for all the other segments. Expect other FMCG revenues to grow 11.5% yoy. **HUVR:** We model 8% revenue growth in domestic FMCG business aided by 4% UVG and 4% price-led growth; we model 8% and 7% growth in home care and personal care respectively. We expect EBITDA margin to expand 200 bps yoy aided by 150 bps expansion in GM, 20 bps saving in A&SP and cost saving initiatives. Overall, we expect discretionary companies (led by Titan/PCJ, Page and JUBI) to perform relatively better, while in staples, select companies including BRIT, HUVR and JYL are likely to post robust earnings growth (aided by margin expansion).
Energy	**Upstream:** We expect OIL and ONGC to report steady net income sequentially, driven by modest increase in crude oil realizations, which will be partially offset by higher operating costs and DD&A. **Gas:** We expect GAIL to report sequentially steady EBITDA as recovery in gas transmission and petchem volumes will be offset by moderation in LPG and petchem margins. We expect PLNG to report steady profits qoq given stable volumes and unchanged tariffs. We expect IGL and MGL to report robust profits driven by continued strength in unit EBITDA margins.	**Downstream:** We expect OMCs to report strong profitability, led by higher refining margins and significant adventitious gains due to the recent jump in crude prices. The petrochemicals segments of RIL, IOCL and GAIL will benefit from steady margins. **RIL:** We expect RIL to report strong standalone net income, led by (1) robust refining margins, and (2) increase in crude throughput and petchem volumes; consolidated results will be impacted by accounting of significant loss from Jio despite our assumption of break-even at the EBITDA level.
Industrials	After a strong 1QFY18 for L&T, we expect moderation in execution in the key infrastructure segment in 2QFY18. Hydrocarbon and Heavy Engineering would likely do well on account of recently won orders (Saudi Aramco and artillery guns orders). With the resolution of stuck projects (Yadadri and Manuguru), BHEL may ramp up execution through the year but will also face higher costs due to wage revision. Overall, the growth of industrial companies would be subdued as private sector capex remains muted and is unlikely to revive before FY2019. While commentary from companies like Siemens and Thermax suggests improving enquiries, clients would have faced GST-related challenges in 2QFY18 keeping them from committing to new capex. Companies dependent on government spending (roads, railways, renewables) would have better growth support through the year.	**Ports:** GST-related issues have kept overall volumes at ports subdued in 2QFY18. While container volume growth remains strong and would likely have grown ~20% yoy at Mundra in 2QFY18, bulk and crude volumes will likely disappoint. We expect Adani Ports to post ~5-6% consolidated volume growth while the single-port company Gujarat Pipavav may continue to face low growth due to loss of services. **Logistics:** Road transporters increased focus on domestic cargo in 2QFY17, post the implementation of GST but before the implementation of the e-way bill (from October 2018), which resulted in lower competition to rail for EXIM cargo. We project a strong quarter for Concor, taking cues from strong EXIM NTKM data from Indian Railways. Margins will be determined by double stacking and imbalance. **Roads:** EPC execution is likely to be weak in the sector in 2QFY18, due to the second quarter being a seasonally weak quarter (monsoons) and GST-led disruption. Companies with strong order backlogs (such as Ashoka Buildcon) will have cushion for execution.
Internet	We expect steady 10%-11% core business growth for Just Dial, which should drive operating leverage and margin improvement for the company. INFOE's various segments will be somewhat impacted by the GST-related slowdown (Naukri) as well as the impact of RERA (99acres).	
Media	**Broadcasting and distribution:** 2QFY18 TV industry ad spends were impacted by a cut in FMCG ad spends in the month of July and August due to GST implementation. TV industry ad growth would be 1-2%. We expect Zee to report 3% yoy growth in ad revenues (like-for-like) adjusted for the sale of its sports business and acquisitions. Sun TV would likely report 1% yoy growth in ad revenues (versus 6% yoy decline in June quarter), reducing its underperformance versus industry. For Dish TV, we expect 235,000 net subscriber additions (down 9% yoy) and ARPU to grow 2.5% qoq to Rs152.	**Print media:** Print advertising was impacted by GST implementation and declined yoy in the months of July and August. It bounced back strongly in September aided by the early onset of the festive season and moderation in GST-led weakness. We expect flattish print ad revenues (yoy) for DB Corp. and Jagran. **Multiplex industry:** 2QFY18 box office performance was disappointing. PVR will likely report flat footfalls (down 5% yoy for comparable properties), low-single digit growth in ticket prices and high-single digit growth in F&B spends per head. Ad revenues would be flat largely due to weak content.

Source: Kotak Institutional Equities estimates

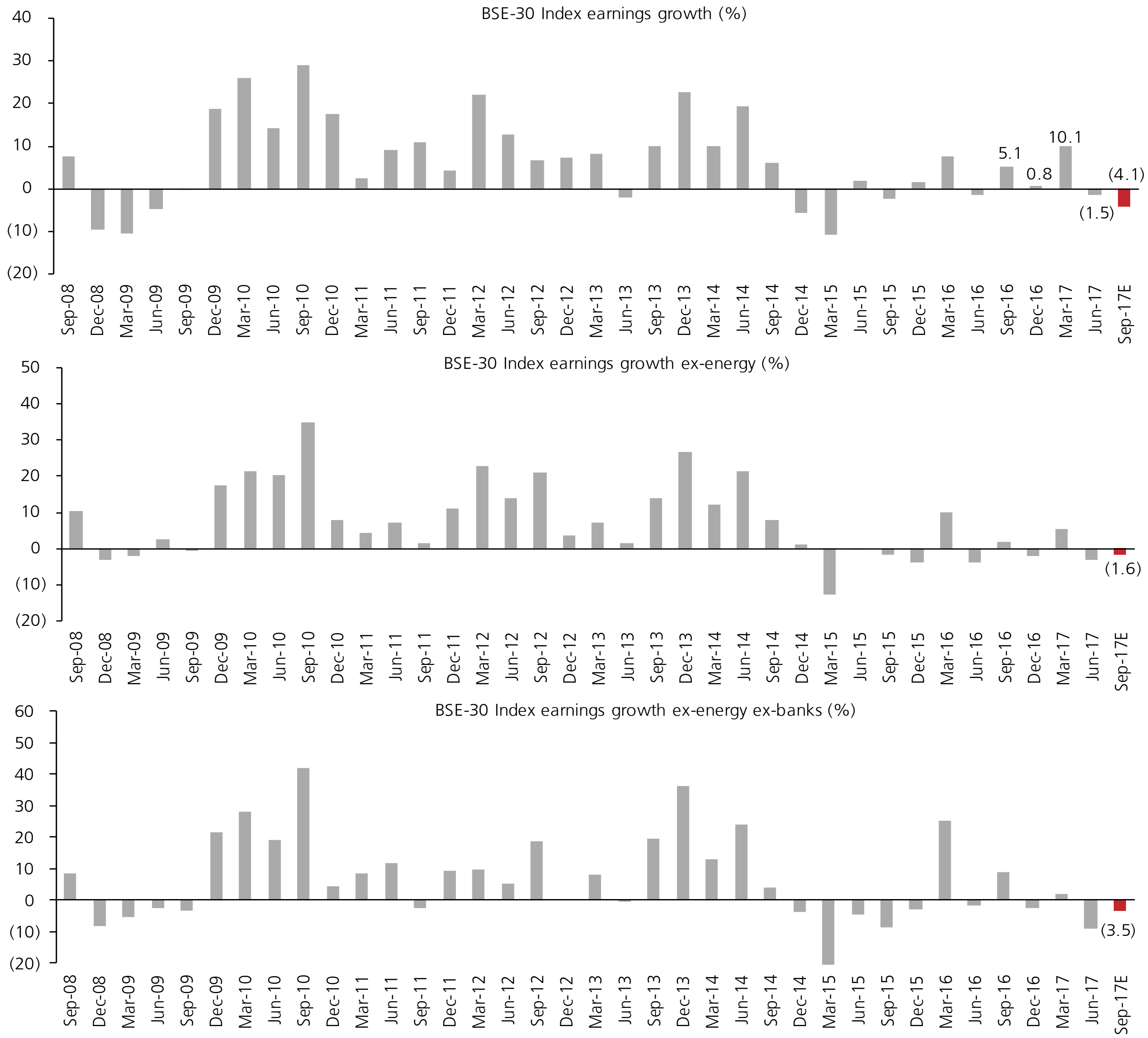
Yoy decline in in net profits of automobiles, pharmaceuticals, real estate and telecom sectors

Sector-wise expectations for the September 2017 quarter results

	Key points	Key points
Metals	**Ferrous:** Domestic flat steel prices increased by close to Rs2,000/ton qoq in 2QFY18 but long product prices declined marginally due to weak construction demand during monsoons. Also, the global prices rallied by US$100-120/ton qoq on the back of higher Chinese steel prices, which will aid export realizations. We expect realizations for steel producers with a flats heavy product portfolio to increase by ~Rs1,500/ton qoq while producers with a longs heavy portfolio will see a marginal decline. We do not expect any significant changes in costs though some producers may consume high cost coal inventories (carried over). We estimate India EBITDA/ton for Tata Steel and JSW Steel to increase by 16-24% qoq and Europe EBITDA/ton for Tata Steel at US$78. We estimate 2-19% qoq increase in EBITDA of Tata Steel and JSW Steel (+5% to 71% yoy). We estimate net income (adjusted) of Rs15.4 bn for Tata Steel and Rs9.2 bn for JSW Steel.	**Non ferrous:** The base-metal prices increased by 5-14% qoq with zinc leading the pack. Zinc and lead prices increased by 14% and 8% qoq and will aid strong growth in earnings for Hindustan Zinc and Vedanta. We expect Hindustan Zinc's EBITDA to increase by 25% qoq to Rs29.8 bn and Vedanta's EBITDA to increase by 27% qoq to Rs61.8 bn. Vedanta's earnings will also be supported by strong recovery in aluminum, copper volumes and power generation after 1QFY18 was affected by plant outages. All-in aluminum prices increased by 5% qoq though we expect higher input costs to partial offset pricing gains. We estimate 14% qoq increase in Hindalco's EBITDA to Rs13.1 bn; Hindalco's earnings may also be marginally impacted by the aluminum hedges carried over from FY2017 at lower LME prices. We estimate Nalco's EBITDA to increase by 49% qoq to Rs3.4 bn aided by higher alumina and aluminum realizations.
Pharmaceuticals	We expect US revenues to remain in focus this quarter, with the Street likely to look for signs of stabilization. We expect domestic formulations' sales to bounce back following GST-led destocking in 1QFY18, and forecast 8-14% yoy growth depending on portfolio and distribution strength. We expect US revenues to remain under pressure for the broader sector as the lack of meaningful approvals and pricing pressure in existing products will impact growth. ARBP will likely be the biggest beneficiary of new launches, given its Renvela launch. We expect SUNP's US business to continue to face pricing pressures, though, we expect the base to stabilize for Taro in the quarter with revenues now down 40% from peak levels. LPC will also continue to be impacted by price erosion in Fortamet/Glumetza, and while Fosrenol and Gavis' launches should help the base, we expect US revenues to again decline qoq. We expect DRRD to have a better quarter in the US, helped by new Doxil and Renvela launches (channel filling). We expect a stable quarter in the US for Cipla, though, ex-US exports business should continue with a strong momentum. We expect healthcare services to have a mixed quarter, with DLPL likely to face high base challenges, while APHS should have a seasonally stronger quarter.	We expect the pharma sector's EBITDA margin to recover by ~200 bps qoq to ~20% following GST led de-stocking in 1QFY18. We expect SUNP's EBITDA margin at around ~20% (excluding other income), while LPC's EBITDA margin (excluding other operating income) would also remain under pressure at ~20%. We expect Cipla's EBITDA margin at ~18%, helped by high margin supplies of certain APIs and growth in ex-US formulation exports, as well as domestic formulations recovery. DRRD will have a better quarter with EBITDA margin expected to expand to 16.4%, with recovery led by improving product mix (US launches and GST recovery), and tight cost control. We expect ARBP to have a strong quarter given its limited presence in the domestic market and expect its EBITDA margin to expand to ~24%. We expect APHS to face continuing margin pressures, while HCG should benefit from continued momentum across its network. We expect DLPL's EBITDA margin to recover to ~27%.
Real estate	**Financials:** Credit growth to the sector slowed down in 2QFY18 dur to implementation issues on account of RERA. This is reflected in multiple sales offers/schemes from developers during the quarter, which will further reflect in margins. We expect DLF, Prestige's debt to increase, while we expect Brigade, Sobha to continue generating positive cash flow from operations.	**Operations:** GST implementation will reflect in lower sales, especially in Maharashtra and Haryana (where most developers followed the composition scheme). We expect sales to remain steady for Bangalore developers. The implementation of RERA during 2QFY18 will also impact the sales volumes of the industry.
Technology	Organic constant currency revenue growth for Tier 1 IT will be weak, in the range of 0.9-2.3% qoq. The banking vertical has been weak for many and structural challenges in retail will hamper growth. We expect Infosys, TCS, HCLT and Wipro to report organic c/c growth of 2.3%, 2.1%, 2.1% and 0.9%, respectively. Currency movements will provide tailwinds to revenues given the depreciation in the USD by 6.6%, 3% and 5.8% against EUR, GBP and AUD, respectively. As a result, we expect 80-160 bps cross currency tailwind for IT companies, which will prop up USD revenue growth numbers. HCLT and Wipro will benefit from the contribution of acquisitions. Overall, we expect Infosys to grow the fastest on a c/c organic basis and Wipro to log the lowest growth.	2QFY18 will not show any specific headwinds except for a planned wage increase (50-150 bps impact) for several players. In fact, companies are seeing some tailwinds emanating from cross-currency benefits and, in some cases, lower visa costs. We note that Indian IT companies had to contend with multiple headwinds in the previous quarter, including visa costs and Rupee appreciation. On a sequential basis, we expect EBIT margin to increase by 100-125 bps for companies that did not roll out wage increases in the quarter.
Telecom	Listed wireless stocks are likely to see a dismal earnings print thanks to an increase in indirect taxes (18% GST versus 15% service tax; not passed on to the consumer), 2Q seasonality and an adverse shift in off-net minutes mix. Expectations that ARPU uptrading would mitigate some of these pressures have been belied, with the market still in a net ARPU downtrading phase. BHIN is likely to report another solid quarter while TCOM earnings should see a modest recovery.	We expect Bharti's India wireless revenues to decline 4.3% qoq and 16% yoy to Rs123.6 bn. Idea's print is likely to be much worse; we forecast a 7.6% qoq and 19% yoy decline in wireless revenues to Rs75.5 bn. Even as we bake in some reduction in absolute costs, yoy as well as qoq, our India wireless EBITDA forecast for Bharti builds in a decline of10% qoq and 36% yoy to Rs40 bn; for Idea, we forecast a 28% qoq and 53% yoy decline to Rs13.5 bn.
Utilities	We expect strong earnings growth for Power Grid (+9% yoy) on the back of asset capitalization of Rs300 bn in the trailing twelve months. NTPC's earnings will be more subdued in the absence of any meaningful asset capitalization (970 MW) in the past twelve months, as well as prior period revenues of Rs1.3 bn in 2QFY17. Overall improvement in coal-based generation augurs well for plant utilizations, as demand in states such as Uttar Pradesh remained firm.	In the case of JSW Energy, a drop in generation volumes at Ratnagiri and Vijaynagar coupled with rising prices of imported coal will lead to losses on a standalone basis. However, the same would be compensated by strong generation in hydro assets owing to the seasonal pick-up.

Source: Kotak Institutional Equities estimates

Exhibit 2: We expect net income of the BSE-30 Index to decline 4% yoy in 2QFY18
Adjusted earnings growth of BSE-30 Index (%)



Source: Kotak Institutional Equities estimates

Exhibit 3: Sector-wise net income of companies in the KIE universe (₹ bn)

	Net sales			EBITDA			PAT		
Company (#)	Sep-16	Jun-17	Sep-17E (E)	Sep-16	Jun-17	Sep-17E (E)	Sep-16	Jun-17	Sep-17E (E)
Automobiles (22)	1,470	1,446	1,665	192	161	197	102	70	90
Banks/Financial Institutions (32)	728	811	846	—	—	—	230	223	233
Cement (10)	191	239	209	37	51	40	20	27	23
Consumer Products (24)	486	522	530	102	111	115	68	72	77
Energy (12)	2,851	3,387	3,532	333	349	491	198	186	248
Industrials (13)	474	464	511	40	35	46	22	19	27
Infrastructure (7)	64	80	71	27	30	29	15	14	15
Internet (2)	4	4	4	1	1	1	1	1	1
Media (6)	48	49	47	15	15	15	9	8	8
Metals & Mining (9)	921	1,059	1,147	159	218	226	49	90	97
Others (16)	222	248	244	30	39	34	15	25	20
Pharmaceuticals (11)	288	257	286	74	45	57	47	22	31
Real estate (7)	50	52	55	18	16	16	5	4	5
Technology (9)	845	853	880	201	191	202	156	152	153
Telecom (4)	418	380	374	144	118	110	23	3	(2)
Utilities (8)	414	438	429	169	172	174	70	58	62
KIE universe	**9,473**	**10,288**	**10,829**	**1,540**	**1,553**	**1,752**	**1,029**	**976**	**1,088**
KIE universe (ex-energy)	**6,622**	**6,901**	**7,297**	**1,207**	**1,205**	**1,261**	**831**	**789**	**840**

Source: Kotak Institutional Equities estimates

Exhibit 4: Sector-wise net income of companies in the BSE-30 Index (₹ bn)

	Net sales			EBITDA			PAT		
Company (#)	Sep-16	Jun-17	Sep-17E (E)	Sep-16	Jun-17	Sep-17E (E)	Sep-16	Jun-17	Sep-17E (E)
Automobiles (5)	1,078	1,005	1,175	135	110	130	66	45	53
Banking (6)	370	427	442	—	—	—	124	122	129
Consumers (3)	212	223	231	57	63	65	40	43	45
Energy (2)	946	1,025	1,168	208	224	244	122	119	105
Industrials (1)	250	240	267	23	21	25	10	9	13
Infrastructure (1)	22	27	29	15	16	17	11	7	10
Metals & Mining (2)	420	480	497	31	77	61	5	39	30
Pharmaceuticals (4)	199	169	189	55	28	36	36	14	20
Technology (3)	605	603	621	156	147	155	123	115	117
Telecom (1)	247	220	218	94	78	74	14	4	2
Utilities (2)	255	271	269	108	112	112	44	46	45
BSE-30 Index	**4,602**	**4,690**	**5,104**	**883**	**876**	**918**	**594**	**562**	**570**
BSE-30 Index (ex-energy)	**3,657**	**3,665**	**3,936**	**675**	**651**	**675**	**472**	**443**	**465**

Source: Companies, Kotak Institutional Equities estimates

Exhibit 5: Sector-wise net income of companies in the Nifty-50 Index (₹ bn)

	Net sales			EBITDA			PAT		
Company (#)	Sep-16	Jun-17	Sep-17E (E)	Sep-16	Jun-17	Sep-17E (E)	Sep-16	Jun-17	Sep-17E (E)
Automobiles (7)	1,121	1,051	1,230	145	120	143	77	52	63
Banking (10)	424	498	514	—	—	—	150	153	160
Cement (2)	74	94	79	14	22	14	9	13	9
Consumers (3)	212	223	231	57	63	65	40	43	45
Energy (6)	2,736	3,272	3,417	308	322	464	182	172	233
Industrials (1)	250	240	267	23	21	25	10	9	13
Infrastructure (1)	22	27	29	15	16	17	11	7	10
Media (1)	17	15	16	5	5	5	3	3	3
Metals & Mining (4)	669	760	818	90	138	135	21	58	58
Others (1)	37	39	37	6	8	7	2	5	4
Pharmaceuticals (5)	237	206	229	64	37	47	42	19	26
Technology (5)	792	798	823	192	183	193	149	145	146
Telecom (2)	279	255	255	109	93	91	21	11	9
Utilities (2)	255	271	269	108	112	112	44	46	45
Nifty-50 Index	**7,123**	**7,749**	**8,214**	**1,135**	**1,139**	**1,318**	**762**	**735**	**826**
Nifty-50 Index (ex-energy)	**4,387**	**4,478**	**4,797**	**827**	**816**	**854**	**580**	**564**	**593**

Source: Companies, Kotak Institutional Equities estimates

2QFY18/3QCY17 EARNINGS PREVIEW FOR KIE UNIVERSE

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
Automobiles						
Amara Raja Batteries						
Net sales	13,455	14,975	15,474	15.0	3.3	
EBITDA	2,297	1,928	2,177	(5.2)	12.9	We expect revenues to increase by 15% yoy due to (1) 22% yoy revenue growth in automotive segment led by price increases (to pass on impact of higher lead prices) and volume growth and (2) single-digit revenue growth in industrial segment led by entry into home UPS segment
EBIT	1,840	1,384	1,627	(11.6)	17.5	
PBT	1,945	1,507	1,752	(9.9)	16.2	
Reported PAT	1,363	998	1,209	(11.3)	21.1	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,363	998	1,209	(11.3)	21.1	We expect EBITDA margin to decline by 300 bps yoy (up 120 bps qoq) due to increase in lead prices and pricing pressure in the industrial segment
EPS (Rs/share)	8.0	5.8	7.1	(11.3)	21.1	
EBITDA margin (%)	17.1	12.9	14.1	-301 bps	119 bps	
Ashok Leyland						
Net sales	46,224	42,378	61,571	33.2	45.3	
EBITDA	5,365	3,061	6,628	23.5	116.5	We expect revenues to increase by 33% yoy in 2QFY18, led by 23% yoy growth in volumes
EBIT	4,104	1,740	5,238	27.6	201.1	
PBT	4,081	1,757	5,271	29.2	200.0	
Reported PAT	2,944	1,113	3,690	25.3	231.6	
Extraordinaries	66	(152)	—	—	—	
Adjusted PAT	2,898	1,219	3,690	27.3	202.6	We expect EBITDA to grow by 24% yoy. We expect EBITDA margin to decline by 85 bps yoy due to higher discounts and input costs
EPS (Rs/share)	1.0	0.4	1.3	27.3	202.6	
EBITDA margin (%)	11.6	7.2	10.8	-85 bps	354 bps	
Bajaj Auto						
Net sales	60,545	54,424	63,476	4.8	16.6	
EBITDA	12,961	9,384	11,006	(15.1)	17.3	Volumes increased by 4% yoy, led by 14% yoy growth in three-wheeler business and 5% yoy growth in two-wheeler export volumes offset by 35% yoy decline in domestic motorcycle volumes. We expect revenues to increase by 5% yoy due to higher ASPs (+1% yoy), in turn led by better mix and price increases related to BS-IV vehicles
EBIT	12,192	8,631	10,254	(15.9)	18.8	
PBT	15,605	13,201	14,751	(5.5)	11.7	
Reported PAT	11,228	9,879	10,473	(6.7)	6.0	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	11,228	9,239	10,473	(6.7)	13.4	
EPS (Rs/share)	38.8	31.9	36.2	(6.7)	13.4	We expect EBITDA margin to decline by 410 bps yoy due to increase in input costs and sharp decline in domestic motorcycle business
EBITDA margin (%)	21.4	17.2	17.3	-407 bps	9 bps	
Balkrishna Industries						
Net sales	9,555	10,620	11,368	19.0	7.0	
EBITDA	3,305	2,842	3,537	7.0	24.4	We expect revenues to grow by 19% yoy, led by (1) 15% yoy volume growth and (2) 3.5% yoy increase in net realizations (+1.2% qoq) due to higher export realizations led by euro appreciation versus Indian rupee
EBIT	2,580	2,087	2,782	7.8	33.3	
PBT	3,339	2,278	3,097	(7.2)	35.9	
Reported PAT	2,429	1,531	2,075	(14.6)	35.5	We expect 435 bps sequential improvement in EBITDA margin (down 350 bps yoy) due to (1) benefit of lower rubber prices (expect 8% qoq decline in RM cost per kg) and (2) benefit of higher export realizations. Recurring net profits will likely decline by 5% yoy due to higher tax rate (33% in 2QFY18 versus 27.2% in 2QFY17) and lower other income
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,177	1,601	2,075	(4.7)	29.6	
EPS (Rs/share)	22.5	16.6	21.5	(4.7)	29.6	
EBITDA margin (%)	34.6	26.8	31.1	-348 bps	434 bps	
Bharat Forge						
Net sales	13,904	18,882	19,400	39.5	2.7	
EBITDA	2,895	3,839	4,182	44.5	8.9	
EBIT	2,895	3,839	4,182	44.5	8.9	We expect standalone revenues to grow by 50% yoy due to 58% yoy growth in exports revenues, led by oil and gas and North America truck segment and 42% yoy growth in domestic revenues
PBT	1,899	2,737	3,142	65.4	14.8	
Reported PAT	1,273	1,834	2,105	65.4	14.8	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,273	1,834	2,105	65.4	14.8	
EPS (Rs/share)	2.7	3.9	4.5	65.4	14.8	We expect standalone EBITDA margin to improve by 30 bps qoq
EBITDA margin (%)	20.8	20.3	21.6	73 bps	122 bps	
Ceat						
Net sales	14,278	14,597	15,887	11.3	8.8	
EBITDA	1,854	547	1,570	(15.3)	187.3	We expect revenues to increase by 11% yoy, led by pick-up in volume growth and higher realizations aided by price increases
EBIT	1,537	151	1,145	(25.5)	660.1	
PBT	1,411	28	965	(31.6)	3,323.5	
Reported PAT	1,069	16	715	(33.1)	4,285.9	
Extraordinaries	—	(4)	—	—	—	We expect EBITDA margin to increase by 615 bps qoq (down 310 bps yoy) due to (1) 8% qoq decline in RM cost per kg and (2) sequential reduction in advertisement costs from high advertisement expenses associated with Indian Premier League in 1QFY18
Adjusted PAT	1,069	19	715	(33.1)	3,712.8	
EPS (Rs/share)	26.4	0.5	17.7	(33.1)	3,712.8	
EBITDA margin (%)	13.0	3.7	9.9	-310 bps	614 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	qoq	Comments
Eicher Motors						
Net sales	17,549	20,006	22,193	26.5	10.9	Royal Enfield volumes increased 22% yoy in 2QFY18; we expect standalone revenues to grow by 25.8% yoy due to price increases taken by the company over the last one year. We expect EBITDA margin of Royal Enfield to improve by 60 bps yoy due to scale benefits
EBITDA	5,422	6,207	7,091	30.8	14.2	
EBIT	5,166	5,827	6,640	28.5	14.0	
PBT	5,823	7,115	7,234	24.2	1.7	
Reported PAT	4,132	4,596	5,343	29.3	16.2	
Extraordinaries	—	—	—	—	—	We expect consolidated net profit to increase by 29% yoy, led by strong performance of RE
Adjusted PAT	4,132	4,596	5,343	29.3	16.2	
EBITDA margin (%)	30.9	31.0	31.9	105 bps	92 bps	
Exide Industries						
Net sales	19,289	21,029	21,109	9.4	0.4	We estimate revenues to increase by 9%, led by (1) 21% yoy growth in automotive segment driven by 10-12% price increase and 8-10% volume growth and (2) marginal decline in industrial segment due to weakness in home UPS segment
EBITDA	2,927	3,243	3,100	5.9	(4.4)	
EBIT	2,421	2,680	2,535	4.7	(5.4)	
PBT	2,606	2,796	2,705	3.8	(3.2)	
Reported PAT	1,813	1,890	1,840	1.5	(2.7)	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to decline by 50 bps yoy due to pricing pressure in the industrial segment
Adjusted PAT	1,813	1,890	1,840	1.5	(2.7)	
EPS (Rs/share)	2.1	2.2	2.2	1.5	(2.7)	
EBITDA margin (%)	15.2	15.4	14.7	-49 bps	-74 bps	
Hero Motocorp						
Net sales	77,963	79,716	87,587	12.3	9.9	We expect revenues to improve by 12.3% yoy, led by 10.9% yoy increase in volumes and 1.4% yoy improvement in average selling prices
EBITDA	13,689	12,959	13,949	1.9	7.6	
EBIT	12,496	11,630	12,620	1.0	8.5	
PBT	14,004	12,931	13,954	(0.4)	7.9	
Reported PAT	10,042	9,140	9,907	(1.3)	8.4	We expect EBITDA margin to decline by 35 bps qoq due to increase in commodity costs
Extraordinaries	—	—	—	—	—	
Adjusted PAT	10,042	9,140	9,907	(1.3)	8.4	
EPS (Rs/share)	50.3	45.8	49.6	(1.3)	8.4	
EBITDA margin (%)	17.6	16.3	15.9	-164 bps	-34 bps	
Mahindra & Mahindra						
Net sales	101,718	110,941	120,000	18.0	8.2	Overall volumes increased 16% yoy; auto segment volumes rose by 9% yoy while tractor volumes grew by 31% yoy. We expect revenues to improve by 18% yoy
EBITDA	14,682	14,539	15,121	3.0	4.0	
EBIT	10,981	10,756	11,321	3.1	5.2	
PBT	17,397	11,538	12,021	(30.9)	4.2	
Reported PAT	12,529	7,683	8,054	(35.7)	4.8	We expect EBITDA margin to decline by 185 bps yoy due to decline in auto segment margins. Other income will decline sharply yoy as 2QFY17 other income included special dividends from Tech Mahindra
Extraordinaries	—	—	—	—	—	
Adjusted PAT	12,529	8,691	8,054	(35.7)	(7.3)	
EPS (Rs/share)	22.0	15.3	14.2	(35.7)	(7.3)	
EBITDA margin (%)	14.4	13.1	12.6	-184 bps	-51 bps	
Maruti Suzuki						
Net sales	178,428	175,457	218,004	22.2	24.2	We expect revenues to increase by 22% yoy in 2QFY18 on the back of 18% yoy volume growth and 4% yoy increase in realizations due to better product mix (higher Baleno and Brezza volumes)
EBITDA	30,374	23,312	30,445	0.2	30.6	
EBIT	24,072	16,471	23,243	(3.4)	41.1	
PBT	32,003	22,987	28,064	(12.3)	22.1	
Reported PAT	23,980	15,564	20,487	(14.6)	31.6	We expect EBITDA margin to improve by 70 bps qoq in 2QFY18 as 1QFY18 had a one-time impact pertaining to one-time payment to vendors due to transition to GST
Extraordinaries	—	—	—	—	—	
Adjusted PAT	23,980	15,564	20,487	(14.6)	31.6	
EPS (Rs/share)	79.4	51.5	67.8	(14.6)	31.6	
EBITDA margin (%)	17.0	13.3	14.0	-306 bps	67 bps	
Motherson Sumi Systems						
Net sales	101,369	131,286	135,051	33.2	2.9	We expect 15% yoy revenue growth for the standalone entity and 14.5% yoy growth in euro revenues of the SMRPBV business. Consolidated revenue growth will likely be higher at 33% yoy due to (1) 6.4% rupee depreciation versus euro and (2) addition of PKC group in consolidated entity
EBITDA	10,068	11,864	12,919	28.3	8.9	
EBIT	7,424	8,096	9,119	22.8	12.6	
PBT	6,489	6,959	7,969	22.8	14.5	
Reported PAT	3,610	2,780	4,959	37.4	78.4	
Extraordinaries	—	(1,502)	—	—	—	
Adjusted PAT	3,610	3,831	4,959	37.4	29.5	We expect SMRPBV EBITDA to grow by 19% yoy largely driven by 15% yoy growth in revenues
EPS (Rs/share)	1.8	1.9	2.5	37.4	29.5	
EBITDA margin (%)	9.9	9.0	9.6	-37 bps	52 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	qoq	Comments
MRF						
Net sales	32,495	35,666	37,694	16.0	5.7	We expect revenues to grow by 16% yoy, led by pick-up in volume growth across segments, benefit of some re-stocking by dealers and higher realizations due to price increases taken by the company
EBITDA	6,569	2,750	5,562	(15.3)	102.3	
EBIT	5,062	1,082	3,862	(23.7)	257.1	
PBT	5,657	1,346	4,092	(27.7)	204.0	
Reported PAT	3,853	1,065	2,865	(25.7)	168.9	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to improve by 700 bps qoq (down 545 bps yoy) due to decline in RM costs and operating leverage benefits
Adjusted PAT	3,853	1,065	2,865	(25.7)	168.9	
EPS (Rs/share)	908.7	251.3	675.6	(25.7)	168.9	
EBITDA margin (%)	20.2	7.7	14.8	-546 bps	704 bps	
Schaeffler India						
Net sales	4,769	4,592	5,246	10.0	14.2	We expect revenues to grow by 10% yoy, led by pick-up in volume growth in automotive segment, normalization of business in the after-market segment (post-GST related disruptions in last quarter) and high single-digit growth in railways and industrial segments
EBITDA	770	861	963	25.2	11.8	
EBIT	612	684	783	28.0	14.5	
PBT	777	837	949	22.1	13.4	
Reported PAT	504	540	636	26.1	17.8	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to decline by 40 bps qoq (up 220 bps yoy on low base) as we expect gross margin to normalize in this quarter (up 200 bps qoq in 2QCY17), which will likely offset the operating leverage benefits
Adjusted PAT	504	540	636	26.1	17.8	
EPS (Rs/share)	30.3	32.5	38.3	26.1	17.8	
EBITDA margin (%)	16.1	18.8	18.4	222 bps	-40 bps	
SKF						
Net sales	6,621	6,665	7,283	10.0	9.3	We expect revenues to grow by 10% yoy due to pick-up in demand from auto segments and commencement of supply of third-generation bearings in passenger vehicle segment
EBITDA	840	936	1,007	19.9	7.6	
EBIT	718	820	882	22.8	7.5	
PBT	930	992	1,082	16.3	9.1	
Reported PAT	603	643	725	20.3	12.8	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to remain largely flattish qoq as we expect gross margin to normalize this quarter, which will offset operating leverage benefits
Adjusted PAT	603	643	725	20.3	12.8	
EPS (Rs/share)	11.4	12.5	14.1	23.6	12.8	
EBITDA margin (%)	12.7	14.0	13.8	113 bps	-22 bps	
Suprajit Engineering						
Net sales	2,835	3,219	3,450	21.7	7.2	We expect consolidated revenues to grow by 22% yoy, led by 10% yoy growth in two-wheeler production and recovery in aftermarket revenues
EBITDA	469	459	565	20.4	23.2	
EBIT	417	341	445	6.8	30.7	
PBT	496	356	460	(7.2)	29.1	
Reported PAT	295	226	308	4.4	36.3	
Extraordinaries	(60)	—	—	—	—	We expect consolidated EBITDA to grow by 20% yoy in 2QFY18
Adjusted PAT	338	226	308	(8.9)	36.3	
EPS (Rs/share)	2.4	1.6	2.2	(8.9)	36.3	
EBITDA margin (%)	16.6	14.3	16.4	-18 bps	212 bps	
Tata Motors						
Net sales	659,004	584,934	686,258	4.1	17.3	We expect standalone revenues to improve by 23% yoy due to 13.5% yoy improvement in volumes. We estimate company's standalone EBITDA to increase by 2.9% yoy in 2QFY18
EBITDA	62,826	49,648	59,630	(5.1)	20.1	
EBIT	18,286	4,403	14,130	(22.7)	220.9	
PBT	9,831	(5,145)	4,630	(52.9)	NM	
Reported PAT	8,284	31,823	4,211	(49.2)	(86.8)	
Extraordinaries	162	42,515	—	—	—	JLR's UK P&L volumes will likely grow by 5% yoy. We expect reported EBITDA margin to improve by 270 bps qoq to 10% due to positive operating leverage. We build in hedging-related forex loss of GBP435 mn in our estimates for 2QFY18
Adjusted PAT	8,162	2,062	4,211	(48.4)	104.2	
EPS (Rs/share)	2.4	0.6	1.2	(48.4)	104.2	
EBITDA margin (%)	9.5	8.5	8.7	-85 bps	20 bps	
Timken						
Net sales	2,826	2,999	3,193	13.0	6.5	We expect revenues to increase by 13% yoy, led by strong growth in exports, off-highway segment and normalization of demand in CVs
EBITDA	475	424	567	19.2	33.8	
EBIT	406	312	455	12.1	45.8	
PBT	421	330	478	13.5	44.9	
Reported PAT	299	219	320	7.2	46.0	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to improve by 360 bps qoq (up 90 bps yoy) as EBITDA in last quarter was impacted by Rs100 mn (3.3% impact on EBITDA margin) due to non-recurring expenses related to acquisition of ABC Bearings, one-off provisioning for debtors and some prior-period expenses
Adjusted PAT	299	286	320	7.2	11.9	
EPS (Rs/share)	4.4	4.2	4.7	7.2	11.9	
EBITDA margin (%)	16.8	14.1	17.7	92 bps	362 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
TVS Motor						
Net sales	34,265	33,995	41,230	20.3	21.3	
EBITDA	2,767	2,114	3,304	19.4	56.3	Volumes grew by 22% yoy, led by strong growth in scooter volumes and some pick-up in bike volumes. Revenues will likely grow by 20% yoy in 2QFY18
EBIT	2,043	1,331	2,520	23.4	89.4	
PBT	2,340	1,794	2,984	27.5	66.3	
Reported PAT	1,774	1,295	2,148	21.1	65.9	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,774	1,295	2,148	21.1	65.9	We expect EBITDA margin to remain flat yoy despite strong growth in volumes due to increase in input costs
EPS (Rs/share)	3.7	2.7	4.5	21.1	65.9	
EBITDA margin (%)	8.1	6.2	8.0	-7 bps	179 bps	
WABCO India						
Net sales	4,639	5,256	6,108	31.7	16.2	
EBITDA	682	791	947	38.8	19.7	We expect revenues to increase by 32% yoy, led by sharp sequential improvement in domestic CV production and strong growth in exports
EBIT	533	638	794	48.9	24.3	
PBT	627	743	903	44.0	21.5	
Reported PAT	472	542	659	39.6	21.5	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	472	542	659	39.6	21.5	We expect EBITDA to increase by 39% yoy due to positive operating leverage
EPS (Rs/share)	24.9	28.6	34.7	39.6	21.5	
EBITDA margin (%)	14.7	15.0	15.5	79 bps	45 bps	
Banks/Financial Institutions						
Axis Bank						
Net interest income	45,139	46,161	46,336	2.7	0.4	
Pre-provision profit	41,002	42,912	40,704	(0.7)	(5.1)	We expect revenue/NII growth to be under pressure due to high NPLs and slower loan growth
Fee income	19,353	20,029	21,675	12.0	8.2	
Treasury income (net)	5,727	7,840	3,900	(31.9)	(50.3)	
Loan-loss provisions	36,480	21,830	19,647	(46.1)	(10.0)	
Adjusted PAT	3,191	13,056	13,334	317.9	2.1	We expect fresh impairments to remain high due to corporate defaults. Earnings growth will be led by lower LLP given AXSB's high provision coverage ratio
EPS (Rs/share)	1.4	5.5	5.7	317.9	2.1	
Bank of Baroda						
Net interest income	34,261	34,050	34,917	1.9	2.5	
Pre-provision profit	26,902	26,481	24,763	(8.0)	(6.5)	We expect NII growth to be flat yoy but loan growth should be marginally better than industry average
Fee income	5,200	5,350	5,720	10.0	6.9	
Treasury income (net)	5,070	4,200	3,225	(36.4)	(23.2)	
Loan-loss provisions	16,305	21,567	19,410	19.0	(10.0)	
Adjusted PAT	5,521	2,034	2,959	(46.4)	45.5	We expect fresh slippages to be lower qoq but provisions may remain elevated for coverage ratio at ~65% levels. Treasury gains will be lower qoq
EPS (Rs/share)	12.0	4.4	6.4	(46.4)	45.5	
Bank of India						
Net interest income	27,197	25,330	29,751	9.4	17.5	
Pre-provision profit	24,928	23,794	22,298	(10.6)	(6.3)	We expect NII to grow by ~9% yoy as NIM and gross NPLs may have stabilized from an income recognition perspective
Fee income	3,530	3,160	3,883	10.0	22.9	
Treasury income (net)	10,370	5,170	3,536	(65.9)	(31.6)	
Loan-loss provisions	21,897	21,562	20,484	(6.5)	(5.0)	
Adjusted PAT	1,268	877	779	(38.6)	(11.2)	We expect fresh impairment ratios to decline but credit costs to remain high. The bank has 60% coverage for NPLs in its top-50 accounts
EPS (Rs/share)	1.2	0.8	0.7	(39.6)	(11.2)	
Bharat Financial Inclusion						
Net interest income	2,110	1,970	2,220	5.2	12.7	
Pre-provision profit	1,542	1,384	1,650	7.0	19.2	Loan growth will pick up to 14% yoy
Loan-loss provisions	90	1,760	200	122.2	(88.6)	
Adjusted PAT	1,452	(376)	1,450	(0.1)	NM	Provisions will likely be low reflecting improvement in collections
EPS (Rs/share)	10.5	(2.7)	10.5	0.5	NM	
Canara Bank						
Net interest income	24,424	27,132	28,575	17.0	5.3	
Pre-provision profit	21,408	24,724	21,682	1.3	(12.3)	We expect NII growth to gain traction off a low base and lower cost of funds. Pre-provisioning profits will be weak on account of lower treasury income
Fee income	3,370	3,670	3,303	(2.0)	(10.0)	
Treasury income (net)	4,880	7,930	4,310	(11.7)	(45.6)	
Loan-loss provisions	15,710	21,000	19,950	27.0	(5.0)	
Adjusted PAT	3,569	2,516	1,006	(71.8)	(60.0)	We expect high provisions for existing NPLs but slippages to decline qoq
EPS (Rs/share)	6.6	4.2	1.7	(74.4)	(60.0)	
Cholamandalam						
Net interest income	5,928	6,938	7,232	22.0	4.2	
Pre-provision profit	3,400	4,162	4,183	23.0	0.5	We expect steady growth in the vehicle finance business to drive 21% yoy growth in NII
Loan-loss provisions	772	981	980	27.0	(0.1)	
Adjusted PAT	1,704	2,066	2,082	22.1	0.8	We see stable but high provisions in business loans
EPS (Rs/share)	11.0	13.3	13.4	22.1	0.8	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
City Union Bank						
Net interest income	3,012	3,424	3,448	14.5	0.7	We expect NII growth to be in line with likely loan growth of ~13-15% yoy. NIM will remain flat qoq
Pre-provision profit	2,367	2,970	2,714	14.6	(8.6)	
Fee income	572	697	686	20.0	(1.5)	
Treasury income (net)	415	288	186	(55.3)	(35.5)	We expect fresh impairments to be lower but provisions will remain high primarily for security receipts. We see stable cost-income ratios
Loan-loss provisions	545	1,090	872	60.1	(20.0)	
Adjusted PAT	1,237	1,403	1,400	13.1	(0.2)	
EPS (Rs/share)	2.1	2.3	2.3	12.6	(0.2)	
DCB Bank						
Net interest income	1,903	2,332	2,348	23.4	0.7	We expect strong NII growth led by robust loan growth and stable margins. Growth could be lower than recent trends given the cautious approach of the bank post implementation of GST
Pre-provision profit	1,009	1,364	1,199	18.9	(12.1)	
Fee income	458	539	564	23.0	4.7	
Treasury income (net)	116	287	117	1.2	(59.1)	
Loan-loss provisions	200	320	336	68.0	5.0	We expect PAT growth to trail NII growth due to high provisions in its LAP portfolio. Cost-income ratio will remain high at >60% levels (last leg of peak investments)
Adjusted PAT	485	652	548	13.1	(15.9)	
EPS (Rs/share)	1.7	2.3	1.8	4.8	(22.0)	
Equitas Holdings						
Net interest income	2,288	2,980	3,286	43.6	10.2	AUM growth to be flat qoq and up 17% yoy
Pre-provision profit	996	694	973	(2.3)	40.1	
Loan-loss provisions	260	441	749	188.7	70.0	We expect high provisions and increase in costs to lead to decline (60% yoy) in net profits
Adjusted PAT	463	156	150	(67.7)	(4.0)	
EPS (Rs/share)	1.4	0.5	0.4	(67.7)	(4.0)	
Federal Bank						
Net interest income	7,262	8,007	8,366	15.2	4.5	We expect NII growth of 15% yoy to lag loan growth of 20% yoy. However, NIM will expand qoq due to the recent equity dilution
Pre-provision profit	4,750	5,579	5,175	8.9	(7.2)	
Treasury income (net)	636	1,085	333	(47.6)	(69.3)	
Loan-loss provisions	1,260	2,100	1,386	10.0	(34.0)	We expect slippages to decline qoq leading to lower provisions for bad loans
Adjusted PAT	2,013	2,102	2,421	20.3	15.2	
EPS (Rs/share)	2.3	2.4	2.5	6.6	2.1	
HDFC						
Net interest income	21,301	24,876	24,000	12.7	(3.5)	We expected moderately strongly (14%) loan growth
Pre-provision profit	25,575	23,587	28,419	11.1	20.5	
Adjusted PAT	18,265	15,557	18,757	2.7	20.6	NIM will likely remain stable
EPS (Rs/share)	11.5	9.8	11.8	2.4	20.6	
HDFC Bank						
Net interest income	79,936	93,707	96,042	20.1	2.5	We expect strong growth in NII to drive overall revenue growth. We see robust loan growth at 22% yoy, led by healthy growth in unsecured loans. However, fee income growth will likely be lower at 15-18% yoy
Pre-provision profit	60,246	75,199	74,073	23.0	(1.5)	
Fee income	21,039	25,781	24,826	18.0	(3.7)	
Treasury income (net)	2,835	3,314	2,889	1.9	(12.8)	
Loan-loss provisions	6,407	15,495	12,377	93.2	(20.1)	We expect loan impairment to remain stable qoq
Adjusted PAT	34,553	38,938	41,409	19.8	6.3	
EPS (Rs/share)	13.6	15.1	16.1	18.5	6.3	
ICICI Bank						
Net interest income	52,533	55,898	56,860	8.2	1.7	We expect decline in net income as the base quarter included gains from stake sale in the life insurance business, which is higher than the gains from stake sale in the general insurance business in 2QFY18. We expect loan growth at ~5% and NIMs will remain under pressure
Pre-provision profit	106,361	51,829	71,816	(32.5)	38.6	
Fee income	23,560	23,770	25,916	10.0	9.0	
Treasury income (net)	64,120	8,580	23,500	(63.3)	173.9	
Loan-loss provisions	70,827	26,087	44,349	(37.4)	70.0	We expect the bank to report lower slippages qoq but provisions will stay high. We assume that ICICIBC will use the gains arising from stake sale in the general insurance business to improve its provision coverage ratio
Adjusted PAT	31,023	20,486	21,699	(30.1)	5.9	
EPS (Rs/share)	5.3	3.2	3.4	(36.5)	5.9	
IDFC Bank						
Net interest income	5,099	4,375	4,500	(11.7)	2.9	We expect loss in the bond book to put pressure on earnings
Pre-provision profit	5,823	6,475	5,510	(5.4)	(14.9)	
Loan-loss provisions	223	(146)	50	(77.6)	NM	
Tax	1,722	2,245	1,856	7.8	(17.3)	Core business growth will likely remain moderate
Adjusted PAT	3,878	4,376	3,604	(7.1)	(17.7)	
EPS (Rs/share)	1.1	1.3	1.1	(7.1)	(17.7)	
IIFL Holdings						
Net sales	12,161	14,785	15,999	31.6	8.2	30% qoq growth in cash market volumes will drive earnings
Adjusted PAT	1,831	1,981	2,307	26.0	16.4	
EPS (Rs/share)	5.8	6.2	7.3	25.5	16.4	Loan growth will likely remain strong at 27% yoy
IndusInd Bank						
Net interest income	14,603	17,741	18,515	26.8	4.4	We expect loan growth at ~24% yoy, led by steady growth in retail business. NIM will remain stable qoq supported by higher share of retail loans
Pre-provision profit	12,817	15,885	15,965	24.6	0.5	
Fee income	8,256	9,743	10,824	31.1	11.1	
Treasury income (net)	1,449	1,930	965	(33.4)	(50.0)	
Loan-loss provisions	1,517	2,100	2,520	66.1	20.0	We expect fee income growth to see a slowdown. We see limited asset-quality stress but would watch for any lagged impact of the MFI exposure
Adjusted PAT	7,043	8,365	8,893	26.3	6.3	
EPS (Rs/share)	11.8	14.0	14.8	25.8	6.3	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	qoq	Comments
J&K Bank						
Net interest income	6,414	7,121	6,725	4.9	(5.6)	We expect muted loan growth resulting in weak NII growth of 5%. The focus would be on growth within J&K state because of the recent disruption in business in the state
Pre-provision profit	3,756	3,684	3,387	(9.8)	(8.1)	
Fee income	348	400	386	11.0	(3.5)	
Treasury income (net)	(335)	(638)	(540)	61.2	(15.3)	
Loan-loss provisions	7,682	4,712	1,649	(78.5)	(65.0)	We expect fresh impairment ratios to decline sharply. Credit costs could decline qoq given the bank's high coverage ratio. The bank is well-covered for the top NPLs
Adjusted PAT	(6,024)	301	1,188	NM	294.8	
EPS (Rs/share)	(12.4)	0.5	2.1	NM	294.8	
Karur Vysya Bank						
Net interest income	4,950	5,386	5,713	15.4	6.1	We expect moderate growth in net profits as provisions for bad loans are likely to remain high. Loan growth is likely to be still weak at ~11% yoy
Pre-provision profit	3,838	4,494	4,099	6.8	(8.8)	
Fee income	1,373	1,430	1,783	29.9	24.7	
Treasury income (net)	630	470	335	(46.8)	(28.7)	
Loan-loss provisions	1,543	2,240	2,016	30.7	(10.0)	We expect slippages to trend downwards. Cost-income ratio is likely to increase qoq and yoy
Adjusted PAT	1,263	1,480	1,405	11.2	(5.1)	
EPS (Rs/share)	10.4	12.1	11.5	11.2	(5.1)	
LIC Housing Finance						
Net interest income	8,657	9,125	9,573	10.6	4.9	Loan growth will moderate to 13% yoy, down 200 bps from year-ago levels
Pre-provision profit	7,909	8,229	8,572	8.4	4.2	
Loan-loss provisions	303	1,045	100	(67.0)	(90.4)	
Adjusted PAT	4,948	4,701	5,507	11.3	17.1	NIM will likely inch up in 2QFY18
EPS (Rs/share)	9.8	9.3	10.9	11.3	17.1	
Mahindra & Mahindra Financial						
Net interest income	7,831	8,597	10,320	31.8	20.0	We expect moderately strong loan growth of 15% but expect NII to grow 32% as 2QFY17 had high reversals of interest income from fresh NPLs in 1HFY17
Pre-provision profit	4,504	4,894	6,270	39.2	28.1	
Loan-loss provisions	3,042	4,258	2,000	(34.3)	(53.0)	
Adjusted PAT	948	474	2,776	192.7	485.8	Trends in recoveries remains the key sensitivity
EPS (Rs/share)	1.7	0.8	4.9	192.4	485.8	
Muthoot Finance						
Net interest income	7,560	8,432	8,750	15.7	3.8	We expect loan growth to moderate to 4% qoq
Pre-provision profit	4,795	5,585	5,800	21.0	3.9	
Loan-loss provisions	171	66	100	(41.7)	50.6	
Adjusted PAT	2,967	3,511	3,648	22.9	3.9	NIM will likely remain stable qoq
EPS (Rs/share)	7.4	8.8	9.1	22.8	3.9	
PFC						
Net interest income	28,670	27,640	30,000	4.6	8.5	We expect moderate loan growth (9% yoy)
Pre-provision profit	29,650	25,660	29,700	0.2	15.7	
Loan-loss provisions	3,010	4,130	5,000	66.1	21.1	
Adjusted PAT	18,730	14,290	16,302	(13.0)	14.1	We expect impaired loans to decline qoq
EPS (Rs/share)	7.1	5.4	6.2	(13.0)	14.1	
PNB Housing Finance						
Net interest income	2,284	3,436	3,827	67.5	11.4	We see another quarter of strong loan growth (46% yoy)
Pre-provision profit	1,847	3,312	3,416	85.0	3.1	
Loan-loss provisions	(225)	481	600	NM	24.8	
Tax	696	984	957	37.5	(2.7)	We expect NIM to expand yoy due to capital issuance
Adjusted PAT	1,376	1,848	1,859	35.1	0.6	
EPS (Rs/share)	10.8	11.1	11.2	3.3	0.6	
Punjab National Bank						
Net interest income	38,799	38,551	39,124	0.8	1.5	We expect a weak quarter due to high provisions and lower treasury income. We see PNB's loan growth to be similar to the industry average
Pre-provision profit	33,120	32,173	30,867	(6.8)	(4.1)	
Fee income	7,350	10,720	8,790	19.6	(18.0)	
Treasury income (net)	2,860	5,610	1,733	(39.4)	(69.1)	
Loan-loss provisions	22,178	22,647	26,044	17.4	15.0	We expect fresh impairments to decline but provisioning costs will remain high in order for the bank to comply with recent guidelines of the RBI on provisioning for IBC-related accounts
Adjusted PAT	5,494	3,434	590	(89.3)	(82.8)	
EPS (Rs/share)	2.6	1.6	0.3	(89.3)	(82.8)	
RBL Bank						
Net interest income	3,029	3,784	4,096	35.2	8.3	NII growth will remain impressive at >35% partly led by recent capital infusion and decline in wholesale deposits
Pre-provision profit	2,191	3,114	2,906	32.6	(6.7)	
Fee income	573	567	504	(12.1)	(11.1)	
Treasury income (net)	221	739	246	11.4	(66.7)	
Loan-loss provisions	695	940	1,034	48.8	10.0	We expect 36% yoy PAT growth driven by strong growth in NII. Performance on MFI loans will be the key monitorable. We assume higher provisions related to the MFI portfolio
Adjusted PAT	899	1,410	1,222	35.9	(13.4)	
EPS (Rs/share)	2.4	3.8	3.3	35.9	(13.4)	
Rural Electrification Corp.						
Net interest income	24,821	22,110	22,519	(9.3)	1.8	We see moderate loan growth of 9% yoy
Pre-provision profit	25,681	22,316	22,719	(11.5)	1.8	
Loan-loss provisions	1,214	3,430	2,000	64.7	(41.7)	
Adjusted PAT	17,513	13,000	14,296	(18.4)	10.0	Trend in credit costs remain the key sensitivity for net profits
EPS (Rs/share)	8.9	6.6	7.2	(18.4)	10.0	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
Shriram City Union Finance						
Net interest income	7,350	8,156	8,626	17.4	5.8	Loan growth will likely remain strong at 18% yoy
Loan-loss provisions	1,390	1,998	1,750	25.9	(12.4)	NPL/provisions will have significant influence on earnings. However, it is a bit challenging to predict the extent of provisions in 2QFY18 given the nature of the business
Adjusted PAT	2,040	1,939	2,403	17.8	23.9	
EPS (Rs/share)	31.0	29.4	36.5	17.8	23.9	
Shriram Transport						
Net interest income	13,530	15,852	16,072	18.8	1.4	We expect 11% yoy loan growth
Pre-provision profit	10,531	12,691	12,772	21.3	0.6	
Loan-loss provisions	4,591	5,823	5,700	24.2	(2.1)	
Adjusted PAT	3,877	4,487	4,597	18.6	2.5	Provisions remain the key sensitivity to net profits
EPS (Rs/share)	17.1	19.8	20.3	18.6	2.5	
State Bank of India						
Net interest income	144,375	176,060	187,308	29.7	6.4	We expect NIM to improve qoq, partly led by the recent capital issuance. Loan growth will remain weak. Strong treasury income (impact of life insurance stake sale) will support overall revenues
Pre-provision profit	112,243	118,741	179,613	60.0	51.3	
Adjusted PAT	25,383	20,055	18,315	(27.8)	(8.7)	We expect a sharp decline in net profits yoy due to high provisions for bad loans. However, slippages will decline sharply qoq as the challenges in small-ticket loans are getting addressed. Corporate slippages would be mostly from the watchlist
EPS (Rs/share)	3.3	2.3	2.1	(35.1)	(8.7)	
Ujjivan Financial Services						
Net interest income	2,000	1,662	1,942	(2.9)	16.9	We expect Ujjivan to report a loss due to high provisions on the back of deficient collections
Loan-loss provisions	70	1,592	624	797.4	(60.8)	
Adjusted PAT	730	(750)	(5)	(100.7)	(99.3)	
EPS (Rs/share)	6.1	(6.3)	(0.0)	(100.7)	(99.3)	We expect marginal qoq growth in AUM
Union Bank						
Net interest income	22,774	22,426	24,294	6.7	8.3	We expect NII to increase 7% yoy and NIM to remain flat qoq. Loan growth will be marginally higher than industry average
Pre-provision profit	18,317	21,156	17,103	(6.6)	(19.2)	
Fee income	4,980	6,060	5,030	1.0	(17.0)	
Treasury income (net)	4,780	7,110	2,250	(52.9)	(68.4)	
Loan-loss provisions	15,982	18,325	20,158	26.1	10.0	We expect provisions to remain high despite sharp decline in slippages primarily led by (1) ageing of NPLs and (2) higher provisions for cases referred to NCLT
Adjusted PAT	1,767	1,166	(2,235)	(226.5)	(291.7)	
EPS (Rs/share)	2.6	1.7	(3.3)	(226.5)	(291.7)	
YES Bank						
Net interest income	14,462	18,089	18,691	29.2	3.3	We expect flat NIM qoq and loan growth at >30% levels
Pre-provision profit	13,860	17,042	15,930	14.9	(6.5)	
Fee income	7,379	10,132	8,958	21.4	(11.6)	
Treasury income (net)	1,500	1,190	476	(68.3)	(60.0)	
Loan-loss provisions	1,430	2,842	2,870	100.7	1.0	We expect PAT growth to slow down as we are building higher provisions for credit costs and lower fee income growth. Impairment ratios to rise marginally qoq
Adjusted PAT	8,015	9,655	8,766	9.4	(9.2)	
EPS (Rs/share)	19.2	21.2	19.2	0.1	(9.2)	
Cement						
ACC						
Net sales	24,706	33,125	26,910	8.9	(18.8)	We factor 6% yoy increase in volumes at 5.4 mn tons on the back of expanded capacities
EBITDA	2,247	4,951	3,130	39.3	(36.8)	
EBIT	718	3,330	1,471	104.9	(55.8)	
PBT	1,265	4,768	2,636	108.4	(44.7)	
Reported PAT	841	3,217	1,977	135.1	(38.6)	We estimate realizations to decline by Rs5/bag qoq, led by weakness in prices during the monsoon period
Extraordinaries	—	—	—	—	—	
Adjusted PAT	841	3,217	1,977	135.1	(38.6)	
EPS (Rs/share)	4.5	17.1	10.5	135.1	(38.6)	
EBITDA margin (%)	9.1	14.9	11.6	253 bps	-332 bps	
Ambuja Cements						
Net sales	20,043	28,233	22,194	10.7	(21.4)	We factor 8% yoy growth in volumes at 4.8 mn tons
EBITDA	2,760	6,131	3,312	20.0	(46.0)	
EBIT	1,165	4,692	1,863	59.9	(60.3)	
PBT	3,477	5,466	4,150	19.3	(24.1)	
Reported PAT	2,770	3,922	2,967	7.1	(24.4)	Our estimates factor marginal sequential decline in realizations (Rs5/bag)
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,770	3,922	2,967	7.1	(24.4)	
EPS (Rs/share)	1.8	2.6	1.9	7.1	(24.4)	
EBITDA margin (%)	13.8	21.7	14.9	115 bps	-680 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	qoq	Comments
Dalmia Bharat						
Net sales	16,829	20,589	18,373	9.2	(10.8)	We model 6% yoy growth in consolidated sales volumes to 3.6 mn tons. We expect OCL India volume of 1.3 mn tons (+3% yoy)
EBITDA	3,902	5,566	4,083	4.7	(26.6)	
EBIT	2,314	4,034	2,520	8.9	(37.5)	
PBT	1,125	2,617	1,075	(4.4)	(58.9)	
Reported PAT	311	1,639	666	114.0	(59.4)	We estimate EBITDA/ton (consolidated) to decline to Rs1,130/ton (Rs1,395/ton in 1QFY18) due to price corrections in South and East markets and seasonally weak volumes
Extraordinaries	—	—	—	—	—	
Adjusted PAT	311	1,639	666	114.0	(59.4)	
EPS (Rs/share)	3.5	18.5	7.5	114.0	(59.4)	
EBITDA margin (%)	23.2	27.0	22.2	-97 bps	-482 bps	
Grasim Industries						
Net sales	24,887	27,403	26,413	6.1	(3.6)	VSF and chemical business continues to operate at near-capacity utilization, with healthy growth in realizations (+6% yoy) for the VSF segment. We have used standalone numbers for Grasim
EBITDA	5,301	5,553	7,038	32.8	26.7	
EBIT	4,182	4,451	5,897	41.0	32.5	
PBT	7,612	5,036	9,182	20.6	82.3	
Reported PAT	5,923	3,472	6,427	8.5	85.1	Weak realization in VSF segment to be offset by lower cost of production
Extraordinaries	—	—	—	—	—	
Adjusted PAT	5,923	3,472	6,427	8.5	85.1	
EPS (Rs/share)	12.7	7.4	13.8	8.5	85.1	
EBITDA margin (%)	21.3	20.3	26.6	534 bps	638 bps	
India Cements						
Net sales	11,465	12,901	12,564	9.6	(2.6)	We factor 10% yoy growth in volumes (2.6 mn tons) as cement sales in South have been more resilient than in other regions
EBITDA	2,244	1,856	1,701	(24.2)	(8.3)	
EBIT	1,723	1,226	1,070	(37.9)	(12.7)	
PBT	917	404	254	(72.3)	(37.3)	
Reported PAT	624	264	178	(71.5)	(32.8)	We expect operating margins to decline due to weakness in realizations and higher fuel cost
Extraordinaries	—	—	—	—	—	
Adjusted PAT	624	264	178	(71.5)	(32.8)	
EPS (Rs/share)	2.0	0.9	0.6	(71.5)	(32.8)	
EBITDA margin (%)	19.6	14.4	13.5	-604 bps	-85 bps	
J K Cement						
Net sales	9,110	10,415	10,530	15.6	1.1	We expect volumes for the grey cement segment to grow by 6% yoy to 1.75 mn tons and for white cement/wall putty by 6% yoy to 0.29 mn tons
EBITDA	1,462	1,977	1,879	28.5	(5.0)	
EBIT	1,024	1,527	1,424	39.0	(6.7)	
PBT	522	1,033	943	80.8	(8.7)	
Reported PAT	409	793	724	77.0	(8.7)	We estimate grey cement EBITDA/ton to decline to Rs585 (Rs740 in 1QFY18) due to price corrections in North and South markets in monsoon quarter
Extraordinaries	—	—	—	—	—	
Adjusted PAT	409	793	724	77.0	(8.7)	
EPS (Rs/share)	5.9	11.3	10.4	77.0	(8.7)	
EBITDA margin (%)	16.0	19.0	17.8	179 bps	-115 bps	
JK Lakshmi Cement						
Net sales	6,556	9,011	7,213	10.0	(20.0)	We model 8% yoy growth in volumes to 1.9 mn tons
EBITDA	937	1,203	766	(18.3)	(36.4)	
EBIT	525	765	322	(38.6)	(57.8)	
PBT	233	374	(32)	(113.6)	(108.5)	
Reported PAT	249	283	(24)	(109.6)	(108.5)	We expect EBITDA/ton to decline to Rs407 (Rs530/ton in 1QFY18) due to price correction in North and East markets since June 2017
Extraordinaries	—	—	—	—	—	
Adjusted PAT	249	283	(24)	(109.6)	(108.5)	
EPS (Rs/share)	2.1	2.4	(0.2)	(109.6)	(108.5)	
EBITDA margin (%)	14.3	13.4	10.6	-368 bps	-274 bps	
Orient Cement						
Net sales	3,843	5,682	4,874	26.8	(14.2)	We factor cement volumes to grow by 7% yoy to 1.26 mn tons in 2QFY18
EBITDA	160	1,169	722	350.5	(38.3)	
EBIT	(152)	858	408	NM	(52.5)	
PBT	(488)	589	136	NM	(76.9)	
Reported PAT	(294)	389	90	NM	(76.9)	We expect EBITDA/ton to decline to Rs574 (Rs836 in 1QFY18) due to price correction in West and South cement markets
Extraordinaries	—	—	—	—	—	
Adjusted PAT	(294)	389	90	NM	(76.9)	
EPS (Rs/share)	(1.4)	1.9	0.4	NM	(76.9)	
EBITDA margin (%)	4.2	20.6	14.8	1063 bps	-577 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
Shree Cement						
Net sales	20,068	25,363	22,515	12.2	(11.2)	We model 15% yoy increase in volumes to 5.2 mn tons for 2QFY18
EBITDA	6,563	6,800	5,805	(11.5)	(14.6)	
EBIT	2,241	4,488	3,486	55.6	(22.3)	
PBT	3,180	5,466	4,925	54.9	(9.9)	
Reported PAT	2,915	4,401	3,694	26.7	(16.1)	We expect adjusted EBITDA/ton to reduce to Rs1,023 (-24% yoy, -12% qoq) on account of weak realizations as well as higher fuel costs
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,915	4,401	3,694	26.7	(16.1)	
EPS (Rs/share)	83.7	126.3	106.0	26.7	(16.1)	
EBITDA margin (%)	32.7	26.8	25.8	-692 bps	-103 bps	
UltraTech Cement						
Net sales	53,979	66,265	57,196	6.0	(13.7)	We model 5% yoy growth in volumes owing to weak industry off-take in 2QFY18
EBITDA	10,938	15,601	11,180	2.2	(28.3)	
EBIT	7,799	12,503	7,963	2.1	(36.3)	
PBT	8,767	12,870	8,610	(1.8)	(33.1)	
Reported PAT	6,011	8,906	6,027	0.3	(32.3)	We expect EBITDA/ton to deteriorate on the back of lower realizations (-Rs5/bag qoq per our estimate) coupled with higher production costs
Extraordinaries	—	—	—	—	—	
Adjusted PAT	6,011	8,906	6,027	0.3	(32.3)	
EPS (Rs/share)	21.9	32.5	22.0	0.3	(32.3)	
EBITDA margin (%)	20.3	23.5	19.5	-72 bps	-400 bps	
Consumer Products						
Asian Paints						
Net sales	37,033	38,152	42,766	15.5	12.1	We model ~17% domestic sales growth aided by 11.5% volume growth (partially aided by early Diwali this year and restocking post GST) and 5% price-led growth (aided by recent price hikes)
EBITDA	7,035	6,654	8,074	14.8	21.3	
EBIT	6,201	5,748	7,144	15.2	24.3	
PBT	6,932	6,452	7,902	14.0	22.5	
Reported PAT	4,759	4,274	6,454	35.6	51.0	We expect EBITDA margin to contract 10 bps yoy dragged by 120 bps yoy contraction in GM due to sustained input cost inflation (Tio2 and select monomers)
Extraordinaries	68	25	1,267	1,763.8	4,909.4	
Adjusted PAT	4,691	4,249	5,187	10.6	22.1	
EPS (Rs/share)	4.9	4.4	5.4	10.6	22.1	
EBITDA margin (%)	19.0	17.4	18.9	-12 bps	143 bps	
Bajaj Corp.						
Net sales	1,961	1,964	2,088	6.5	6.3	We expect ADHO volumes to grow 3% yoy and overall volumes (including NOMARKs/other hair oils) to grow at 2.5% yoy (weaker performance in other brands)
EBITDA	666	596	668	0.3	12.0	
EBIT	655	581	652	(0.4)	12.3	
PBT	808	699	789	(2.4)	12.9	
Reported PAT	583	550	621	6.6	13.0	We model 200 bps yoy contraction in EBITDA margin dragged by 80 bps cut in GM and higher spends in distribution expansion and staff costs
Extraordinaries	(53)	—	—	—	—	
Adjusted PAT	636	550	621	(2.3)	13.0	
EPS (Rs/share)	4.3	3.7	4.2	(2.3)	13.0	
EBITDA margin (%)	33.9	30.3	32.0	-196 bps	162 bps	
Britannia Industries						
Net sales	23,870	22,637	26,532	11.2	17.2	We expect consolidated revenues to grow ~11% yoy, led by 5% price/mix-led growth; we expect domestic volumes to grow 7% yoy (partially aided by restocking post GST implementation)
EBITDA	3,389	3,285	4,275	26.2	30.1	
EBIT	3,100	2,953	3,934	26.9	33.2	
PBT	3,496	3,293	4,323	23.7	31.3	
Reported PAT	2,340	2,160	2,857	22.1	32.3	We expect EBITDA margin to expand 190 bps yoy aided by 150 bps expansion in GM as several agri-input like wheat, sugar and milk/milk powder have witnessed deflation over the past several months
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,340	2,160	2,857	22.1	32.3	
EPS (Rs/share)	19.5	18.0	23.8	22.1	32.3	
EBITDA margin (%)	14.2	14.5	16.1	191 bps	160 bps	
Coffee Day Enterprises						
Net sales	7,231	8,143	7,988	10.5	(1.9)	For CDGL business, we expect 15% revenue growth, led by ~8% growth in ASPD in retail café business and addition of 6,000 (yoy) café vending machines
EBITDA	1,308	1,484	1,529	16.9	3.0	
EBIT	747	854	879	17.6	2.9	
PBT	173	198	244	41.0	23.3	
Reported PAT	96	152	141	47.5	(7.3)	We model 105 bps expansion in EBITDA margin aided by 130 bps expansion in GM
Extraordinaries	—	—	—	—	—	
Adjusted PAT	96	152	141	47.5	(7.3)	
EPS (Rs/share)	0.0	0.1	0.1	47.5	(7.3)	
EBITDA margin (%)	18.1	18.2	19.1	105 bps	91 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	qoq	Comments
Colgate-Palmolive (India)						
Net sales	10,566	9,781	11,100	5.1	13.5	We expect 5% revenue growth aided by 1% volume growth and 4% price/mix-led growth
EBITDA	2,748	2,218	2,973	8.2	34.0	
EBIT	2,415	1,845	2,593	7.4	40.5	
PBT	2,527	1,970	2,723	7.7	38.2	
Reported PAT	1,813	1,364	1,784	(1.6)	30.8	We model 80 bps yoy expansion in EBITDA margin largely aided by 100 bps expansion in GM (benign input cost environment)
Extraordinaries	142	78	—	—	—	
Adjusted PAT	1,672	1,286	1,784	6.7	38.7	
EPS (Rs/share)	6.1	4.7	6.6	6.7	38.7	
EBITDA margin (%)	26.0	22.7	26.8	78 bps	410 bps	
Dabur India						
Net sales	19,816	17,901	20,404	3.0	14.0	We model 8% revenue growth in domestic business aided by 6% volume growth and 2% price/mix-led growth (aided by reversal of promotions). We expect IB business to post ~8% yoy revenue decline dragged by weak performance in Middle East and currency headwinds in Egypt/Turkey
EBITDA	4,087	3,089	4,211	3.0	36.3	
EBIT	3,729	2,698	3,813	2.2	41.3	
PBT	4,456	3,378	4,643	4.2	37.4	
Reported PAT	3,573	2,641	3,681	3.0	39.4	
Extraordinaries	—	(96)	—	—	—	We model flattish EBITDA margin yoy despite 70 bps contraction in GM aided by cost-saving initiative (A&SP likely to remain flat yoy)
Adjusted PAT	3,573	2,545	3,681	3.0	44.6	
EPS (Rs/share)	2.0	1.4	2.1	2.9	44.6	
EBITDA margin (%)	20.6	17.3	20.6	1 bps	338 bps	
GlaxoSmithKline Consumer						
Net sales	10,803	9,853	11,486	6.3	16.6	We model 6% yoy revenue growth aided by 3% volume growth (aided by low base and GST-led restocking) and 3% price/mix-led growth
EBITDA	2,452	1,664	2,614	6.6	57.1	
EBIT	2,304	1,493	2,442	6.0	63.5	
PBT	2,876	2,045	3,044	5.8	48.8	
Reported PAT	1,837	1,322	2,009	9.3	51.9	We expect EBITDA margin to remain flattish yoy despite 100 bps expansion in gross margin dragged by higher A&SP spends (up 40 bps yoy) and other expenses
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,837	1,322	2,009	9.3	51.9	
EPS (Rs/share)	43.7	31.4	47.8	9.3	51.9	
EBITDA margin (%)	22.7	16.9	22.8	5 bps	587 bps	
Godrej Consumer Products						
Net sales	23,602	21,773	24,836	5.2	14.1	We model ~8% growth in the domestic business (12%, 9% and 6% growth in soaps, hair colors and HI, respectively) and ~2% growth in IBD (Indonesia still remains weak; SON now in the base)
EBITDA	4,659	3,494	5,096	9.4	45.8	
EBIT	4,302	3,121	4,701	9.3	50.6	
PBT	4,118	2,960	4,576	11.1	54.6	
Reported PAT	3,181	2,252	3,560	11.9	58.1	We model 80 bps yoy expansion in EBITDA margin aided by 90 bps jump in GM, in turn led by better mix
Extraordinaries	(5)	(75)	—	—	—	
Adjusted PAT	3,186	2,327	3,560	11.7	53.0	
EPS (Rs/share)	4.7	3.4	5.2	11.7	53.0	
EBITDA margin (%)	19.7	16.0	20.5	77 bps	446 bps	
Hindustan Unilever						
Net sales	78,427	85,290	84,354	7.6	(1.1)	We model 8% revenue growth in domestic FMCG business aided by 4% UVG and 4% price-led growth; we model 8% and 7% growth in home care and personal care respectively
EBITDA	14,046	18,660	16,820	19.7	(9.9)	
EBIT	13,101	17,520	15,645	19.4	(10.7)	
PBT	15,580	18,590	17,871	14.7	(3.9)	
Reported PAT	10,956	12,830	12,510	14.2	(2.5)	We expect EBITDA margin to expand 200 bps yoy, aided by 150 bps expansion in GM and 20 bps saving in A&SP and cost-saving initiatives
Extraordinaries	182	(90)	—	—	—	
Adjusted PAT	10,774	12,920	12,510	16.1	(3.2)	
EPS (Rs/share)	5.0	6.0	5.8	16.1	(3.2)	
EBITDA margin (%)	17.9	21.9	19.9	203 bps	-194 bps	
ITC						
Net sales	96,607	99,547	103,434	7.1	3.9	We model 4% decline in cigarette volumes yoy and a 12% increase in gross realizations (portfolio-level; dragged by adverse mix). We forecast 11% yoy growth in cigarette EBIT
EBITDA	36,300	37,464	40,141	10.6	7.1	
EBIT	33,616	34,782	37,416	11.3	7.6	
PBT	38,262	39,446	42,426	10.9	7.6	
Reported PAT	25,000	25,605	27,789	11.2	8.5	We model modest acceleration in yoy growth for all the other segments. Expect other FMCG revenues to grow 11.5% yoy
Extraordinaries	—	—	—	—	—	
Adjusted PAT	25,000	25,605	27,789	11.2	8.5	
EPS (Rs/share)	2.1	2.1	2.3	10.8	8.5	
EBITDA margin (%)	37.6	37.6	38.8	123 bps	117 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	qoq	Comments
Jubilant Foodworks						
Net sales	6,655	6,788	7,404	11.2	9.1	We model 7% SSG and ~11% topline growth aided by 'Everyday value offer'; we have modeled six Domino's store additions and two store closures in DD (net)
EBITDA	643	796	926	44.1	16.4	
EBIT	277	334	501	81.1	50.2	
PBT	320	364	546	70.9	50.2	
Reported PAT	216	238	362	67.9	51.8	We expect EBITDA margin to expand 285 bps yoy aided by 50 bps expansion in GM (down 110 bps qoq), better leverage and cost-saving initiatives
Extraordinaries	—	—	—	—	—	
Adjusted PAT	216	238	362	67.9	51.8	
EPS (Rs/share)	5.8	5.8	5.8	0.0	0.0	
EBITDA margin (%)	9.7	11.7	12.5	284 bps	78 bps	
Jyothy Laboratories						
Net sales	4,152	3,680	4,593	10.6	24.8	We expect 11% growth in revenues (broad-based growth)
EBITDA	642	424	779	21.3	83.9	
EBIT	569	346	697	22.4	101.5	
PBT	436	267	617	41.6	131.4	
Reported PAT	320	259	558	74.2	115.8	We model 150 bps expansion in EBITDA margin aided by robust 290 bps expansion in GM (led by price hikes)
Extraordinaries	(5)	(2)	—	—	—	
Adjusted PAT	325	260	558	71.4	114.2	
EPS (Rs/share)	3.2	3.2	3.2	0.0	0.0	
EBITDA margin (%)	15.5	11.5	17.0	148 bps	544 bps	
Manpasand Beverages						
Net sales	1,025	2,948	1,400	36.6	(52.5)	We model 37% yoy growth in revenues aided by capacity addition
EBITDA	222	563	290	30.4	(48.5)	
EBIT	51	327	45	(12.5)	(86.2)	
PBT	61	421	123	102.7	(70.8)	
Reported PAT	54	359	105	94.4	(70.7)	We model 100 bps contraction in EBITDA margin dragged by 50 bps contraction in GM and investments in distribution expansion/staff costs and higher A&SP
Extraordinaries	—	—	—	—	—	
Adjusted PAT	54	359	105	94.4	(70.7)	
EPS (Rs/share)	0.5	3.1	0.9	70.0	(70.7)	
EBITDA margin (%)	21.7	19.1	20.7	-99 bps	160 bps	
Marico						
Net sales	14,387	16,815	16,171	12.4	(3.8)	We model ~16% revenue growth in domestic CBP business aided by ~7.5% price/mix-led growth (hikes across core portfolio). We expect overall volumes to grow 8.5% yoy; we have modeled 8%, 9% and 8% growth in volume in Parachute (rigids), Saffola and VAHO portfolio respectively. Reported revenues will be dragged by subdued growth in IBD and youth business
EBITDA	2,535	3,243	2,751	8.5	(15.2)	
EBIT	2,326	3,032	2,526	8.6	(16.7)	
PBT	2,548	3,226	2,756	8.2	(14.6)	
Reported PAT	1,769	2,320	1,973	11.5	(14.9)	
Extraordinaries	—	—	—	—	—	We model 60 bps yoy cut in EBITDA margin dragged by 430 bps dip in GM partly negated by stringent cost control and lower A&SP (down 170 bps yoy)
Adjusted PAT	1,769	2,320	1,973	11.5	(14.9)	
EPS (Rs/share)	1.4	1.8	1.5	11.5	(14.9)	
EBITDA margin (%)	17.6	19.3	17.0	-61 bps	-228 bps	
Nestle India						
Net sales	23,425	24,022	26,053	11.2	8.5	We model 12% growth in net domestic revenues aided by robust growth in both Maggi and non-Maggi portfolios (up 10% yoy)
EBITDA	5,018	4,586	5,380	7.2	17.3	
EBIT	4,135	3,732	4,505	8.9	20.7	
PBT	4,289	3,915	4,713	9.9	20.4	
Reported PAT	2,784	2,634	3,047	9.5	15.7	We model 80 bps contraction in EBITDA margin dragged by 155 bps contraction in GM (high base; up 120 bps qoq)
Extraordinaries	(184)	31	(130)	(29.4)	(526.2)	
Adjusted PAT	2,968	2,604	3,177	7.0	22.0	
EPS (Rs/share)	28.9	27.3	31.6	9.5	15.7	
EBITDA margin (%)	21.4	19.1	20.6	-78 bps	155 bps	
Page Industries						
Net sales	5,344	6,962	6,576	23.0	(5.6)	We expect ~23% revenue growth aided by 17% volume growth and 6% price/mix-led growth
EBITDA	1,075	1,365	1,375	27.9	0.7	
EBIT	1,014	1,299	1,306	28.7	0.6	
PBT	1,037	1,294	1,342	29.5	3.7	
Reported PAT	687	853	886	29.0	3.9	We model 80 bps expansion in EBITDA margin aided by strong leverage
Extraordinaries	—	—	—	—	—	
Adjusted PAT	687	853	886	29.0	3.9	
EPS (Rs/share)	61.6	76.5	79.4	29.0	3.9	
EBITDA margin (%)	20.1	19.6	20.9	79 bps	130 bps	
PC Jeweller						
Net sales	21,743	21,151	25,675	18.1	21.4	We expect 25% revenue growth in domestic jewelry business (aided by strong festive season and market share gains from unorganized sector) and 5% growth in exports business
EBITDA	1,787	2,332	2,624	46.8	12.5	
EBIT	1,732	2,283	2,564	48.0	12.3	
PBT	1,527	1,901	2,089	36.8	9.9	
Reported PAT	1,069	1,358	1,462	36.8	7.7	We model 200 bps expansion in EBITDA margin aided by 210 bps expansion in GM driven by better studded share (low base)
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,069	1,358	1,462	36.8	7.7	
EPS (Rs/share)	3.0	3.8	4.1	36.8	7.7	
EBITDA margin (%)	8.2	11.0	10.2	200 bps	-81 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

				Change (%)		
	Sep-16	Jun-17	Sep-17E	yoy	qoq	Comments
Pidilite Industries						
Net sales	14,177	15,289	15,043	6.1	(1.6)	We model 8% volume growth and 0.5% price/mix-led growth in domestic CBP business
EBITDA	3,214	3,210	3,188	(0.8)	(0.7)	
EBIT	2,911	2,897	2,868	(1.5)	(1.0)	
PBT	3,209	3,292	3,244	1.1	(1.5)	
Reported PAT	2,307	2,265	2,255	(2.2)	(0.4)	We model 150 bps yoy contraction in EBITDA margin dragged by 110 bps yoy contraction in GM (VAM price up 15-20% yoy in 2QFY18)
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,307	2,265	2,255	(2.2)	(0.4)	
EPS (Rs/share)	4.5	4.4	4.4	(2.2)	(0.4)	
EBITDA margin (%)	22.7	21.0	21.2	-149 bps	19 bps	
S H Kelkar and Company						
Net sales	2,453	2,350	2,576	5.0	9.6	We model 5% growth in consolidated revenues aided by pick-up in domestic fragrance business
EBITDA	416	427	458	10.0	7.3	
EBIT	367	368	396	7.8	7.4	
PBT	375	401	430	14.8	7.3	
Reported PAT	246	268	285	16.0	6.4	We model 80 bps yoy expansion in EBITDA margin aided by 170 bps yoy expansion in GM
Extraordinaries	—	—	—	—	—	
Adjusted PAT	246	268	285	16.0	6.4	
EPS (Rs/share)	1.7	1.9	2.0	16.0	6.4	
EBITDA margin (%)	17.0	18.2	17.8	80 bps	-39 bps	
Tata Global Beverages						
Net sales	16,260	17,044	16,878	3.8	(1.0)	We model 4% growth in consolidated revenues aided by 7% growth in domestic tea business partially negated by subdued growth in international business (currency headwinds)
EBITDA	1,897	2,442	1,919	1.1	(21.4)	
EBIT	1,622	2,151	1,614	(0.5)	(25.0)	
PBT	1,700	2,184	1,739	2.3	(20.4)	
Reported PAT	1,267	1,244	1,357	7.0	9.0	We model 30 bps contraction in EBITDA margin dragged by 90 bps contraction in GM due to higher coffee/international tea prices
Extraordinaries	—	51	—	—	—	
Adjusted PAT	1,267	1,193	1,357	7.0	13.7	
EPS (Rs/share)	2.0	1.9	2.1	7.0	13.7	
EBITDA margin (%)	11.7	14.3	11.4	-30 bps	-296 bps	
Titan Company						
Net sales	26,524	39,099	31,378	18.3	(19.7)	We model (1) 25% growth in jewelry business, led by 23% gold tonnage growth (aided by market share gains and good festive season) and (2) 12.5% revenue growth for the watches segment. We note reported standalone numbers are not strictly comparable yoy due to demerger of precision engineering business into a separate subsidiary
EBITDA	2,764	3,888	3,380	22.3	(13.1)	
EBIT	2,504	3,640	3,130	25.0	(14.0)	
PBT	2,504	3,810	3,295	31.6	(13.5)	
Reported PAT	1,808	2,669	2,395	32.5	(10.3)	
Extraordinaries	(30)	(103)	—	—	—	We expect EBITDA margin to expand 35 bps yoy, despite 390 bps contraction in GM (aggressive discounting in jewelry business), aided by strong leverage and lower staff costs
Adjusted PAT	1,837	2,772	2,395	30.4	(13.6)	
EPS (Rs/share)	2.1	3.1	2.7	30.4	(13.6)	
EBITDA margin (%)	10.4	9.9	10.8	35 bps	82 bps	
United Breweries						
Net sales	10,386	16,742	11,705	12.7	(30.1)	We expect 13% growth in revenues aided by 3% volume growth and 9% growth in realization/case
EBITDA	1,212	3,184	1,413	16.6	(55.6)	
EBIT	509	2,535	713	39.9	(71.9)	
PBT	376	2,456	603	60.2	(75.4)	
Reported PAT	270	1,619	422	56.0	(73.9)	We model 40 bps expansion in EBITDA margin despite 170 bps contraction in GM aided by better leverage and cost-saving initiatives
Extraordinaries	—	—	—	—	—	
Adjusted PAT	270	1,619	422	56.0	(73.9)	
EPS (Rs/share)	1.0	6.1	1.6	56.0	(73.9)	
EBITDA margin (%)	11.7	19.0	12.1	40 bps	-695 bps	
United Spirits						
Net sales	20,268	17,818	18,929	(6.6)	6.2	We model 7% net revenue decline yoy dragged by 16% overall volume decline (5% excluding additional franchised volumes); volumes impacted due to destocking due to liquor ban around highways and optically due to move towards franchising several states
EBITDA	2,032	1,574	2,190	7.8	39.1	
EBIT	1,701	1,253	1,845	8.5	47.3	
PBT	1,155	859	1,501	30.0	74.8	
Reported PAT	837	629	2,536	203.1	303.2	
Extraordinaries	39	(8)	1,500	3,746.2	NM	We model 150 bps yoy expansion in EBITDA margin aided by 350 bps expansion in GM partly negated by weak leverage; we note part of margin expansion is optical in nature due to move towards franchising several states
Adjusted PAT	798	637	1,036	29.9	62.6	
EPS (Rs/share)	5.5	4.4	7.1	29.9	62.6	
EBITDA margin (%)	10.0	8.8	11.6	154 bps	273 bps	
Varun Beverages						
Net sales	8,975	16,334	10,185	13.5	(37.6)	We expect 14% net revenue growth, driven by 9% volume growth and 4% price-led growth
EBITDA	1,711	4,813	1,922	12.4	(60.1)	
EBIT	808	3,805	892	10.4	(76.6)	
PBT	478	3,459	622	30.2	(82.0)	
Reported PAT	369	2,541	510	38.0	(79.9)	We model 20 bps yoy contraction in EBITDA margin dragged by 140 bps dip in GM (high base)
Extraordinaries	—	—	—	—	—	
Adjusted PAT	369	2,541	510	38.0	(79.9)	
EPS (Rs/share)	2.0	13.9	-	(100.0)	(100.0)	
EBITDA margin (%)	19.1	29.5	18.9	-20 bps	-1060 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
Energy						
BPCL						
Net sales	446,927	571,258	572,884	28.2	0.3	
EBITDA	13,814	12,250	45,141	226.8	268.5	Sharp qoq increase in EBITDA reflects (1) robust refining margins at US$9.8/bbl and (2) adventitious gains of Rs12.1 bn instead of loss of Rs7.3 bn in 1QFY18
EBIT	9,290	6,358	39,052	320.4	514.2	
PBT	18,489	11,136	43,655	136.1	292.0	
Reported PAT	13,052	7,446	29,249	124.1	292.8	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	13,052	7,446	29,249	124.1	292.8	We assume (1) higher crude throughput at 6.7 mn tons versus 6.4 mn tons in 1QFY18 and (2) muted 1% yoy growth in sales volumes to 9 mn tons
EPS (Rs/share)	6.6	3.8	14.9	124.1	292.8	
EBITDA margin (%)	3.1	2.1	7.9	478 bps	573 bps	
Castrol India						
Net sales	7,617	8,704	8,370	9.9	(3.8)	
EBITDA	2,129	2,095	2,259	6.1	7.8	Modest yoy increase in profits driven by 5% growth in volumes, which is partly offset by ~100 bps reduction in EBITDA margins due to higher base oil prices
EBIT	2,022	1,977	2,139	5.8	8.2	
PBT	2,176	2,131	2,288	5.1	7.3	
Reported PAT	1,398	1,379	1,496	7.0	8.5	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,398	1,379	1,496	7.0	8.5	We assume (1) volumes of 48 mn liters versus 45.7 mn liters in 3QCY16 and (2) sequential recovery in EBITDA margins to 27% from 24.1%, assuming partial normalization post GST implementation
EPS (Rs/share)	2.8	2.8	3.0	7.0	8.5	
EBITDA margin (%)	28.0	24.1	27.0	-97 bps	291 bps	
GAIL (India)						
Net sales	118,774	114,065	115,869	(2.4)	1.6	
EBITDA	15,347	17,394	17,540	14.3	0.8	Sequentially steady EBITDA as higher petchem profits driven by increase in volumes will be offset by likely lower contribution from LPG and gas marketing segments
EBIT	11,784	13,943	14,047	19.2	0.7	
PBT	13,755	14,088	15,330	11.5	8.8	
Reported PAT	9,247	10,256	10,024	8.4	(2.3)	
Extraordinaries	—	1,600	—	—	—	
Adjusted PAT	9,247	9,210	10,024	8.4	8.8	We model modest recovery in gas transmission volumes to 102.5 mcm/d as compared to 99.9 mcm/d in 1QFY18 and 100.9 mcm/d in 2QFY17
EPS (Rs/share)	5.5	5.4	5.9	8.4	8.8	
EBITDA margin (%)	12.9	15.2	15.1	221 bps	-12 bps	
GSPL						
Net sales	2,580	2,963	3,179	23.2	7.3	
EBITDA	2,262	2,760	2,874	27.1	4.1	Sequential increase in EBITDA reflects higher transmission volumes, partially offset by an increase in operating costs
EBIT	1,825	2,330	2,426	32.9	4.1	
PBT	1,965	2,389	2,600	32.3	8.8	
Reported PAT	1,298	1,525	1,690	30.1	10.8	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,298	1,525	1,690	30.1	10.8	We assume (1) 5% qoq increase in gas transmission volumes to 28.1 mcm/d and (2) stable tariffs at Rs1.17/scm
EPS (Rs/share)	2.3	2.7	3.0	30.1	10.8	
EBITDA margin (%)	87.7	93.1	90.4	275 bps	-272 bps	
HPCL						
Net sales	421,025	534,685	536,315	27.4	0.3	
EBITDA	12,609	16,280	44,947	256.5	176.1	Sharp qoq increase in EBITDA reflects (1) robust refining margins at US$10.3/bbl and (2) adventitious gains of Rs15.9 bn instead of loss of Rs9.6 bn in1QFY18
EBIT	6,450	9,609	38,109	490.9	296.6	
PBT	10,755	13,883	40,687	278.3	193.1	
Reported PAT	7,013	9,247	27,260	288.7	194.8	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	7,013	9,247	27,260	288.7	194.8	We assume (1) higher crude throughput at 4.7 mn tons versus 4.5 mn tons in 1QFY18 and (2) muted 1% yoy growth in sales volumes to 8.1 mn tons
EPS (Rs/share)	4.6	6.1	17.9	288.7	194.8	
EBITDA margin (%)	3.0	3.0	8.4	538 bps	533 bps	
Indraprastha Gas						
Net sales	9,665	10,492	11,468	18.7	9.3	
EBITDA	2,449	2,873	3,024	23.5	5.2	Strong yoy increase in EBITDA and net income led by (1) 11% growth in volumes and (2) sharp yoy expansion in unit margins
EBIT	1,966	2,434	2,571	30.7	5.6	
PBT	2,177	2,609	2,754	26.5	5.5	
Reported PAT	1,631	1,775	1,801	10.4	1.5	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,631	1,775	1,801	10.4	1.5	We assume (1) gas sales volumes at 5.1 mcm/d and (2) sequentially stable unit EBITDA at Rs6.5/scm versus Rs6.4/scm in 1QFY18 and Rs5.8/scm in 2QFY17
EPS (Rs/share)	11.6	12.7	12.9	10.4	1.5	
EBITDA margin (%)	25.3	27.4	26.4	102 bps	-102 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
IOCL						
Net sales	803,701	1,026,262	1,024,073	27.4	(0.2)	Sharp qoq increase in EBITDA reflects (1) robust refining margins at US$11.3/bbl and (2) adventitious gains of Rs19.4 bn instead of loss of Rs12.4 bn in 1QFY18
EBITDA	57,722	51,915	112,422	94.8	116.5	
EBIT	42,674	34,702	95,204	123.1	174.3	
PBT	45,069	39,798	93,444	107.3	134.8	
Reported PAT	31,219	45,485	61,105	95.7	34.3	We assume (1) lower crude throughput at 16.2 mn tons versus 17.5 mn tons in 1QFY18, impacted by planned shutdowns and (2) muted 1% yoy growth in sales volumes to 18.6 mn tons
Extraordinaries	—	28,081	—	—	—	
Adjusted PAT	31,219	26,668	61,105	95.7	129.1	
EPS (Rs/share)	6.4	5.5	12.6	95.7	129.1	
EBITDA margin (%)	7.2	5.1	11.0	379 bps	591 bps	
Mahanagar Gas						
Net sales	5,209	5,309	5,712	9.7	7.6	Sequentially stable EBITDA as seasonally higher volumes will be offset by lower gross margins and increase in operating costs
EBITDA	1,615	2,033	2,066	27.9	1.7	
EBIT	1,384	1,786	1,802	30.2	0.9	
PBT	1,533	1,904	1,950	27.2	2.4	
Reported PAT	1,022	1,243	1,275	24.7	2.5	We assume (1) 4% yoy growth in gas sales volumes to 2.7 mcm/d and (2) qoq moderation in unit EBITDA to Rs8.3/scm from Rs8.7/scm in 1QFY18
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,022	1,243	1,275	24.7	2.5	
EPS (Rs/share)	10.4	12.6	12.9	24.7	2.5	
EBITDA margin (%)	31.0	38.3	36.2	516 bps	-212 bps	
ONGC						
Net sales	183,950	190,735	198,381	7.8	4.0	Modest qoq increase in EBITDA reflects (1) higher crude realization at US$52.4/bbl and (2) higher gas volumes, partially offset by higher operating costs
EBITDA	96,475	98,807	101,091	4.8	2.3	
EBIT	61,945	53,603	53,943	(12.9)	0.6	
PBT	70,748	59,378	61,611	(12.9)	3.8	
Reported PAT	49,749	38,847	40,288	(19.0)	3.7	We model improvement in sales volumes of crude oil to 6 mn tons (+3% yoy) and natural gas to 5 bcm (+11% yoy)
Extraordinaries	—	—	—	—	—	
Adjusted PAT	49,749	38,847	40,288	(19.0)	3.7	
EPS (Rs/share)	3.9	3.0	3.1	(19.0)	3.7	
EBITDA margin (%)	52.4	51.8	51.0	-149 bps	-85 bps	
Oil India						
Net sales	23,314	23,317	24,012	3.0	3.0	Qoq increase in EBITDA reflects (1) higher crude realization at US$50/bbl and (2) modest increase in oil and gas volumes
EBITDA	9,526	9,217	9,504	(0.2)	3.1	
EBIT	5,844	5,838	5,608	(4.0)	(4.0)	
PBT	8,750	6,379	6,458	(26.2)	1.2	
Reported PAT	5,803	4,502	4,424	(23.8)	(1.8)	We model sales volumes of crude oil at 0.83 mn tons (+2% qoq) and natural gas at 0.63 bcm (+5% qoq)
Extraordinaries	—	—	—	—	—	
Adjusted PAT	5,803	4,502	4,424	(23.8)	(1.8)	
EPS (Rs/share)	7.2	5.6	5.5	(23.8)	(1.8)	
EBITDA margin (%)	40.9	39.5	39.6	-128 bps	4 bps	
Petronet LNG						
Net sales	66,144	64,351	62,038	(6.2)	(3.6)	We expect sequentially steady EBITDA and net income assuming stable off-take of LNG volumes
EBITDA	7,264	7,512	7,601	4.6	1.2	
EBIT	6,405	6,485	6,561	2.4	1.2	
PBT	6,765	6,728	6,830	1.0	1.5	
Reported PAT	4,596	4,376	4,508	(1.9)	3.0	We model LNG re-gasification volumes at 192.7 tn BTUs versus 191.7 tn BTUs in 1QFY18 and 188.9 tn BTUs in 2QFY17
Extraordinaries	—	(70)	—	—	—	
Adjusted PAT	4,596	4,446	4,508	(1.9)	1.4	
EPS (Rs/share)	3.1	3.0	3.0	(1.9)	1.4	
EBITDA margin (%)	11.0	11.7	12.3	126 bps	57 bps	
Reliance Industries						
Net sales	761,610	834,710	969,689	27.3	16.2	Standalone net income is expected to be strong driven by (1) higher refining margins at US$13.2/bbl (+US$1.3/bbl qoq) and (2) increase in crude throughput and petchem volumes
EBITDA	111,760	125,540	142,570	27.6	13.6	
EBIT	84,020	95,170	82,120	(2.3)	(13.7)	
PBT	99,020	105,220	79,770	(19.4)	(24.2)	
Reported PAT	72,060	91,080	65,182	(9.5)	(28.4)	Consolidated net income will be depressed, as we expect Jio to report a significant net loss of Rs25.3 bn despite assuming break-even at the EBITDA level
Extraordinaries	—	10,870	—	—	—	
Adjusted PAT	72,060	80,210	65,182	(9.5)	(18.7)	
EPS (Rs/share)	12.2	13.6	11.0	(9.5)	(18.7)	
EBITDA margin (%)	14.7	15.0	14.7	2 bps	-34 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%)		
				yoy	qoq	Comments
Industrials						
ABB						
Net sales	20,550	22,237	21,925	6.7	(1.4)	We expect subdued growth in Robotics & Motion and Process Automation as private capex was likely subdued in 2QFY18. Also, we estimate relatively lower growth in Electrification Products and Power Grids segments as well, taking cues from front-loaded T&D capex in the previous quarter
EBITDA	1,456	1,473	1,537	5.6	4.3	
EBIT	1,051	1,090	1,169	11.3	7.2	
PBT	923	1,185	1,309	41.7	10.4	
Reported PAT	811	751	851	4.9	13.3	
Extraordinaries	252	—	—	—	—	We expect flat EBITDA margin yoy as (1) increased employee costs seen in the last quarter would likely persist in ABB's quarterly nominal run-rate but will be offset by (2) benefits from expected internal cost improvements
Adjusted PAT	811	751	851	4.9	13.3	
EPS (Rs/share)	3.8	3.5	4.0	4.9	13.3	
EBITDA margin (%)	7.1	6.6	7.0	-8 bps	38 bps	
BHEL						
Net sales	66,645	55,056	66,964	0.5	21.6	We build flat top-line, deferring benefit of start of execution of slow-going projects (Yadadri and Manuguru) over the rest of FY2018. The industry segment may show moderate growth given that solar power contracts for 750 stations by Indian Railways have been awarded to ABB and Azure Power for inverters and panels, respectively. BHEL had expressed optimism on such contracts in the last concall
EBITDA	1,551	(883)	2,616	68.7	NM	
EBIT	(529)	(2,884)	308	NM	NM	
PBT	1,382	1,080	2,776	100.9	156.9	
Tax	292	272	749	157.1	175.4	
Reported PAT	1,090	808	2,026	85.9	150.7	We expect material costs to remain under control given relaxation of JDU requirements. The key monitorable is the increase in other expenses on account of large provisions for wage revision (build in Rs3 bn yoy increase). These will eventually reflect in employee costs once wages are finalized
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,090	808	2,026	85.9	150.7	
EPS (Rs/share)	0.3	0.2	0.6	85.9	150.7	
EBITDA margin (%)	2.3	(1.6)	3.9	157 bps	551 bps	
Carborundum Universal						
Net sales	5,508	5,469	5,839	6.0	6.8	Initial disruption from GST would limit growth in abrasives segment. Ceramics should report steady growth while EMD would benefit from normalization in VAW revenues
EBITDA	803	724	828	3.1	14.5	
EBIT	564	467	679	20.5	45.5	
PBT	619	552	719	16.1	30.3	
Reported PAT	467	402	512	9.7	27.5	We expect stable margin in abrasives and ceramics segment. EMD segment may remain subdued on 10% rainfall deficit in Kerala. In the case of VAW Russia, the ruble has been volatile though with weakening in July-August and rebound in September
Extraordinaries	—	—	—	—	—	
Adjusted PAT	467	402	512	9.7	27.5	
EPS (Rs/share)	2.5	2.1	2.7	9.7	27.5	
EBITDA margin (%)	14.6	13.2	14.2	-40 bps	95 bps	
CG Power and Industrial						
Net sales	13,233	14,364	14,426	9.0	0.4	We expect strong growth in industrials to drive domestic business. Among the overseas subsidiaries, the pain will continue for another quarter as the deal for sale of Hungarian subsidiary (including rotating machines) is expected to close by November 2017
EBITDA	844	451	967	14.6	114.3	
EBIT	488	91	568	16.5	527.4	
PBT	551	(328)	438	(20.5)	NM	
Tax	78	146	152	94.2	4.1	
Reported PAT	469	(481)	286	(39.0)	NM	We build in normalization of margins for the domestic industrial business while overseas Indonesia Power Systems subsidiary is likely to report 9-10% margins as the key profitable overseas business. Hungarian subsidiary, however, will continue to weigh down the overseas business until sold (deal closure by Nov 2017)
Extraordinaries	—	—	—	—	—	
Adjusted PAT	469	(481)	286	(39.0)	NM	
EPS (Rs/share)	0.7	(0.8)	0.5	(39.0)	NM	
EBITDA margin (%)	6.4	3.1	6.7	32 bps	356 bps	
Crompton Greaves Consumer						
Net sales	8,900	10,555	10,057	13.0	(4.7)	We expect revenues to grow by 13% yoy due to shift in festival season and some restocking of inventory post GST-related disruption last quarter
EBITDA	974	1,294	1,158	18.9	(10.5)	
EBIT	946	1,263	1,125	18.9	(10.9)	
PBT	827	1,198	1,040	25.7	(13.2)	
Tax	273	395	343	25.6	(13.2)	
Reported PAT	550	803	697	26.8	(13.2)	We expect EBITDA margin to expand by 60 bps yoy largely due to operating leverage benefits
Extraordinaries	(5)	—	—	—	—	
Adjusted PAT	553	803	697	26.1	(13.2)	
EPS (Rs/share)	0.9	1.3	1.1	26.1	(13.2)	
EBITDA margin (%)	10.9	12.3	11.5	57 bps	-75 bps	
Cummins India						
Net sales	12,790	13,408	13,739	7.4	2.5	Industrial segment would be the key growth driver in FY2018 while powergen would post ~10-11% growth. Exports will remain weak and a flattish print would be an achievement. We note that auto segment revenues have practically vanished with no demand from its only two customers
EBITDA	1,990	1,953	2,102	5.6	7.6	
EBIT	1,781	1,744	1,876	5.3	7.6	
PBT	2,430	2,286	2,555	5.1	11.8	
Reported PAT	1,969	2,222	2,018	2.5	(9.2)	
Extraordinaries	—	438	—	—	—	
Adjusted PAT	1,969	1,784	2,018	2.5	13.1	We expect EBITDA margin to be stable on both qoq and yoy basis at around 15%
EPS (Rs/share)	7.1	6.4	7.3	2.5	13.1	
EBITDA margin (%)	15.6	14.6	15.3	-26 bps	73 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
Havells India						
Net sales	14,522	18,605	19,316	33.0	3.8	We expect 33% yoy revenue growth, led by (1) 12% yoy growth in ex-Lloyd revenues and (2) 20% due to Lloyd's acquisition
EBITDA	2,034	1,724	2,381	17.1	38.1	
EBIT	1,726	1,389	2,041	18.2	47.0	
PBT	1,960	1,703	2,161	10.2	26.9	
Reported PAT	1,458	1,214	1,534	5.2	26.4	We expect EBITDA margin to improve by 300 bps qoq due to (1) better product mix (higher revenue contribution from high-margin switchgear segment), (2) moderate price increase across segments and (3) no one-off acquisition-related expenses in this quarter (Rs120-140 mn in 1QFY18)
Extraordinaries	70	—	—	—	—	
Adjusted PAT	1,408	1,214	1,534	9.0	26.4	
EPS (Rs/share)	2.3	1.9	2.5	9.0	26.4	
EBITDA margin (%)	14.0	9.3	12.3	-168 bps	305 bps	
Kalpataru Power Transmission						
Net sales	11,433	12,069	12,449	8.9	3.2	While the order backlog is strong at Rs97 bn, we remain cautious on execution due to GST-led disruption
EBITDA	1,220	1,372	1,332	9.2	(2.9)	
EBIT	1,026	1,184	1,141	11.2	(3.6)	
PBT	883	1,078	1,048	18.7	(2.8)	
Reported PAT	578	704	700	21.1	(0.6)	Gradual convergence between T&D and non-T&D margins should keep EBITDA margin in line with full-year guidance of 11%
Extraordinaries	—	—	—	—	—	
Adjusted PAT	578	704	700	21.1	(0.6)	
EPS (Rs/share)	3.8	4.6	4.6	21.1	(0.6)	
EBITDA margin (%)	10.7	11.4	10.7	2 bps	-67 bps	
KEC International						
Net sales	21,214	18,951	23,023	8.5	21.5	We expect some moderation in revenues against a 15% full-year growth guidance on GST-led trade disruption
EBITDA	1,853	1,763	2,118	14.3	20.1	
EBIT	1,546	1,491	1,783	15.4	19.6	
PBT	1,005	958	1,099	9.4	14.6	
Reported PAT	652	630	722	10.7	14.7	We expect stable EBITDA margin but working capital (inventories) may remain high this quarter, same as in the previous quarter on lower dispatches amid GST-led disruption. Higher working capital funding would increase interest cost for the quarter
Extraordinaries	—	—	—	—	—	
Adjusted PAT	652	630	722	10.7	14.7	
EPS (Rs/share)	2.5	2.4	2.8	10.7	14.7	
EBITDA margin (%)	8.7	9.3	9.2	46 bps	-11 bps	
L&T						
Net sales	250,107	239,898	266,691	6.6	11.2	We expect moderation in execution for the infrastructure segment post a strong 1QFY18, which was partly driven by pre-GST uptick in sales on government contracts. Hydrocarbon and Heavy Engineering would likely do well due to recently-won orders (Saudi Aramco and defense orders respectively)
EBITDA	22,977	20,567	24,837	8.1	20.8	
EBIT	18,375	15,055	19,810	7.8	31.6	
PBT	19,671	15,253	21,010	6.8	37.7	
Reported PAT	14,346	8,925	13,149	(8.3)	47.3	
Extraordinaries	4,024	—	—	—	—	We expect margins to remain steady yoy across various segments. Power segment would continue to see depressed margins due to sectoral issues
Adjusted PAT	10,322	8,925	13,149	27.4	47.3	
EPS (Rs/share)	7.4	6.4	9.4	27.4	47.3	
EBITDA margin (%)	9.2	8.6	9.3	12 bps	73 bps	
Siemens						
Net sales	30,906	26,508	36,352	17.6	37.1	Siemens is expected to continue with high-teen sales growth in the quarter. Key growth segments to watch are Energy Management and Mobility. Digital Factory segment may see gradual benefit of new initiatives like the MindSphere platform
EBITDA	2,711	2,255	4,274	57.6	89.6	
EBIT	2,249	1,775	3,757	67.1	111.7	
PBT	2,911	2,492	4,448	52.8	78.5	
Reported PAT	24,863	1,629	2,884	(88.4)	77.0	Siemens's margin would primarily depend on a rebound in Energy Management and Process industries and Drives. While we expect generally improving margins, segmental margin volatility may persist as usual
Extraordinaries	22,825	—	(72)	—	—	
Adjusted PAT	2,038	1,629	2,955	45.0	81.4	
EPS (Rs/share)	6	5	8	45.0	81.4	
EBITDA margin (%)	8.8	8.5	11.8	298 bps	325 bps	
Thermax						
Net sales	8,708	7,341	9,265	6.4	26.2	We expect gradual pick-up in Energy segment, led by light industries such as F&B, pharmaceuticals and textiles. Environment segment, however, will likely witness continued headwinds even as implementation of new power plant emission norms gets deferred. Operationalization of Dahej resin facility would provide nominal revenue support, though it is difficult to model at this juncture
EBITDA	773	429	886	14.6	106.4	
EBIT	607	280	708	16.7	153.3	
PBT	888	497	915	3.0	83.9	
Reported PAT	597	324	613	2.7	88.9	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	597	324	613	2.7	88.9	We expect normalization in margin to 10% and 9% for the Energy and Environment segments
EPS (Rs/share)	5.3	2.9	5.4	2.7	88.9	
EBITDA margin (%)	8.9	5.8	9.6	68 bps	371 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
Voltas						
Net sales	9,581	19,389	11,170	16.6	(42.4)	We assume lower growth in 2QFY18, led by (1) Impact of GST-led disruption and concerns in supply chains, (2) spillover effects of LG's aggressive push into inverter ACs where Voltas has a lower share, (3) challenging environment for mining and textile industries for EPS segment and (4) slower project execution for EMP due to GST-led disruption and slower execution in the monsoon season
EBITDA	595	2,066	725	21.8	(64.9)	
EBIT	532	2,004	659	23.9	(67.1)	
PBT	1,249	2,576	1,145	(8.3)	(55.5)	
Reported PAT	721	1,856	816	13.2	(56.0)	
Extraordinaries	—	20	—	—	—	The impact of lower growth and any promotional expenses in UCP during the first GST period would impact UCP margins for the quarter. On EMP, however, we expect that the company will stay the course and inch up towards 5% margin target
Adjusted PAT	744	1,850	808	8.5	(56.3)	
EPS (Rs/share)	2.3	5.6	2.4	8.5	(56.3)	
EBITDA margin (%)	6.2	10.7	6.5	27 bps	-417 bps	
Infrastructure						
Adani Port and SEZ						
Net sales	21,831	27,451	28,925	32.5	5.4	Container volume growth will be strong at ~20% at Mundra. However, HMEL refinery restarted operations in mid-August, which would result in a small decline in liquid volumes at Mundra. We assume flat bulk volumes. Also, the new coal import contract with SAIL for Dhamra will be operational from 2HFY18, which would preclude any volumes for 2QFY18. Consolidated top-line estimate also considers the remaining income of nearly Rs6 bn to be booked for transfer of CT-4 to the JV entity with CMA-CGM
EBITDA	14,610	15,666	17,243	18.0	10.1	
EBIT	11,787	12,709	14,106	19.7	11.0	
PBT	11,110	11,554	13,099	17.9	13.4	
Reported PAT	10,252	7,667	9,468	(7.7)	23.5	
Extraordinaries	(37)	(22)	(7)	(80.0)	(65.9)	
Adjusted PAT	10,747	7,083	9,500	(11.6)	34.1	We assume operating EBITDA margin (ports + royalty income + SEZ + logistics) at ~62%. Core port margins would be higher. Reported margin estimate looks high due to the one-off income expected from monetization of CT-4
EPS (Rs/share)	5.2	3.4	4.6	(11.6)	34.1	
EBITDA margin (%)	66.9	57.1	59.6	-731 bps	254 bps	
Ashoka Buildcon						
Net sales	4,428	7,228	5,561	25.6	(23.1)	We expect moderation in execution after a strong pre-GST led uptick in 1QFY18. However, given the strong backlog, it would still lead to ~25% yoy growth in standalone revenues
EBITDA	698	975	695	(0.4)	(28.7)	
EBIT	568	862	569	0.1	(34.0)	
PBT	578	825	562	(2.9)	(31.9)	
Reported PAT	453	578	404	(10.8)	(30.1)	
Extraordinaries	—	—	—	—	—	With a strong order backlog, the company had stepped up execution and had achieved margin uptick in the last quarter. We thus assume a similarly healthy margin of 12.5% in 2QFY18 as well
Adjusted PAT	453	578	404	(10.8)	(30.1)	
EPS (Rs/share)	2.4	3.1	2.2	(10.8)	(30.1)	
EBITDA margin (%)	15.8	13.5	12.5	-326 bps	-100 bps	
Container Corporation						
Net sales	13,786	14,568	15,236	10.5	4.6	The increased focus of road freight operators on domestic business since mid-August has led to higher container rail NTKM for Indian Railways, which would have accelerated further in September before the implementation of e-way bill from October 2017. We thus estimate strong EXIM growth for Concor
EBITDA	2,288	3,267	3,379	47.7	3.4	
EBIT	1,415	2,314	2,417	70.9	4.4	
PBT	2,175	3,251	3,304	51.9	1.6	
Reported PAT	1,578	2,434	2,412	52.8	(0.9)	
Extraordinaries	—	—	—	—	—	In our view, double-stacking benefits may have peaked, which would lead to stabilization in margins. Circuit routes would support margins incrementally, although it is in a nascent stage currently
Adjusted PAT	1,578	2,434	2,412	52.8	(0.9)	
EPS (Rs/share)	6.5	10.0	9.9	52.8	(0.9)	
EBITDA margin (%)	16.6	22.4	22.2	558 bps	-25 bps	
Gateway Distriparks						
Net sales	2,857	988	1,141	(60.1)	15.5	We assume ~10-11% yoy growth in CFS volumes based on (1) data from Indian Railways and (2) effect of impending e-way bill on rail-road modal mix for domestic cargo. This implies a stable market share relative to Concor
EBITDA	581	198	244	(58.0)	23.5	
EBIT	387	126	171	(55.8)	35.9	
PBT	379	132	169	(55.4)	28.4	
Reported PAT	218	134	194	(11.0)	45.6	
Extraordinaries	—	—	—	—	—	Margin likely to be stable as the company passed the benefits of double stacking as discounts to customers in a weak demand scenario
Adjusted PAT	218	134	194	(11.0)	45.6	
EPS (Rs/share)	2.0	1.2	1.8	(11.0)	45.6	
EBITDA margin (%)	20.3	20.0	21.4	103 bps	138 bps	
Gujarat Pipavav Port						
Net sales	1,722	1,691	1,837	6.7	8.7	We expect a subdued quarter as GST rollout has generally affected cargo volumes at ports. We expect modest 6% yoy growth in container volumes and a decline in bulk given loss of several services in the recent quarters
EBITDA	986	1,037	1,130	14.6	9.0	
EBIT	706	772	867	22.8	12.3	
PBT	823	864	980	19.1	13.5	
Reported PAT	594	557	661	11.2	18.7	
Extraordinaries	—	—	—	—	—	Margins may continue to see uptick both yoy and qoq led by ramp-up in liquid and ro-ro cargo volumes
Adjusted PAT	594	557	661	11.2	18.7	
EPS (Rs/share)	1.2	1.2	1.4	11.2	18.7	
EBITDA margin (%)	57.3	61.3	61.5	425 bps	19 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
IRB Infrastructure						
Net sales	12,906	18,169	12,018	(6.9)	(33.9)	On a like-for-like basis post InvIT, we estimate 11% toll revenue growth in the quarter. Construction execution pattern expected to be slower at ~20% of annual execution owing to monsoon and GST disruption
EBITDA	7,090	8,178	5,539	(21.9)	(32.3)	
EBIT	4,816	6,362	4,521	(6.1)	(28.9)	
PBT	1,757	4,044	2,440	38.9	(39.7)	
Reported PAT	1,423	1,911	1,785	25.5	(6.6)	We estimate steady segmental EBITDA margin; overall EBITDA would decline yoy on invIT-related deconsolidation
Extraordinaries	1	(467)	—	—	—	
Adjusted PAT	1,422	2,379	1,785	25.5	(24.9)	
EPS (Rs/share)	4.0	6.8	5.1	25.5	(24.9)	
EBITDA margin (%)	54.9	45.0	46.1	-885 bps	108 bps	
Sadbhav Engineering						
Net sales	6,156	9,443	6,726	9.3	(28.8)	Seasonally weak quarter (monsoons), GST-led disruption and low EPC backlog would restrict top-line growth to ~9-10% in the quarter. Incremental revenues would depend on HAM projects from SIPL
EBITDA	654	1,067	773	18.3	(27.5)	
EBIT	401	822	508	27.0	(38.2)	
PBT	187	540	436	133.5	(19.2)	
Reported PAT	185	555	436	135.3	(21.4)	The company has seen some margin uptick in the last quarter as a result of more value-added work (such as top layer of roads) and completion of legacy irrigation projects. We build these benefits in 2QFY18 as well. The company's margin guidance for FY2018 stands at 11.25-12%
Extraordinaries	—	—	—	—	—	
Adjusted PAT	185	555	436	135.3	(21.4)	
EPS (Rs/share)	1.1	3.2	2.5	135.3	(21.3)	
EBITDA margin (%)	10.6	11.3	11.5	87 bps	19 bps	
Internet						
Info Edge						
Net sales	2,100	2,225	2,351	11.9	5.7	We expect a 12% yoy growth in recruitment segment, but expect 99acres' revenue growth to decelerate to 7% on RERA uncertainty
EBITDA	695	703	758	9.1	7.7	
EBIT	633	649	696	10.0	7.3	
PBT	651	913	911	40.0	(0.1)	
Reported PAT	801	642	601	(24.9)	(6.3)	We expect sequentially flattish margins for Naukri and other segments
Extraordinaries	403	—	—	—	—	
Adjusted PAT	801	642	601	(24.9)	(6.3)	
EPS (Rs/share)	6.6	5.3	5.0	(24.9)	(6.3)	
EBITDA margin (%)	33.1	31.6	32.2	-86 bps	61 bps	
Just Dial						
Net sales	1,803	1,900	1,962	8.8	3.3	We expect core business growth of 12% yoy, in line with core business growth (ex-Omni) reported in 1QFY18
EBITDA	224	325	346	54.1	6.4	
EBIT	122	229	244	99.0	6.6	
PBT	383	495	433	13.3	(12.4)	
Reported PAT	296	382	329	11.2	(13.7)	Sequential improvement in EBITDA margin due to operating leverage, despite factoring in moderate employee wage hikes
Extraordinaries	—	—	—	—	—	
Adjusted PAT	296	382	329	11.2	(13.7)	
EPS (Rs/share)	4.3	5.5	4.7	11.2	(13.7)	
EBITDA margin (%)	12.4	17.1	17.6	517 bps	52 bps	
Media						
DB Corp.						
Net sales	5,390	5,943	5,550	3.0	(6.6)	Print advertisement revenues were impacted by GST implementation and down on yoy basis in July and August. It bounced back with strong growth in September aided by early festive season and moderation in GST-led weakness. We expect 4% yoy growth in print advertisement revenues of DB Corp. We estimate 7% yoy growth in circulation revenues and 12% yoy growth in radio largely led by new stations
EBITDA	1,511	1,864	1,525	0.9	(18.2)	
EBIT	1,295	1,644	1,300	0.4	(20.9)	
PBT	1,331	1,698	1,350	1.4	(20.5)	
Reported PAT	891	1,101	891	0.1	(19.1)	
Extraordinaries	—	—	—	—	—	We estimate 50 bps yoy decline in EBITDA margin to 27.5% due to non-recurrence of provision reversals of Rs160 mn that aided margins in 2QFY17. Set-off of input tax credits under GST would aid EBITDA marginally. EBITDA and net profit will be flat yoy
Adjusted PAT	891	1,101	891	0.1	(19.1)	
EPS (Rs/share)	4.9	6.0	4.9	0.1	(19.1)	
EBITDA margin (%)	28.0	31.4	27.5	-56 bps	-389 bps	
DishTV						
Net sales	7,793	7,389	7,668	(1.6)	3.8	We estimate 200K net subscriber additions (versus 256K in 2QFY17 last year). We expect 2.5% qoq growth in ARPU to Rs152 largely on account of lower taxes under GST. GST on subscription pack is 18% as against aggregate tax of 22% earlier (service tax + e-tax). We expect part of the benefit to flow through in 2QFY18 and the balance in the next quarter
EBITDA	2,642	2,012	2,223	(15.9)	10.5	
EBIT	1,008	190	448	(55.6)	135.7	
PBT	565	(301)	(7)	(101.3)	(97.6)	
Reported PAT	701	(139)	(5)	(100.7)	(96.5)	
Extraordinaries	—	—	—	—	—	We estimate EBITDA margin to improve 175 bps qoq to 29% but it will be down by 490 bps on a yoy basis largely due to weak revenues. The yoy decline in revenues reflects lower ARPU (down 6% on yoy basis)
Adjusted PAT	701	(139)	(5)	(100.7)	(96.5)	
EPS (Rs/share)	0.7	(0.1)	(0.0)	(100.7)	(96.5)	
EBITDA margin (%)	33.9	27.2	29.0	-492 bps	175 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	qoq	Comments
Jagran Prakashan						
Net sales	5,620	5,913	5,837	3.9	(1.3)	Print advertisement revenues were impacted by GST implementation and down on yoy basis in July and August. It bounced back with strong growth in September aided by early festive season and moderation in GST-led weakness. We expect 2% yoy growth in print advertisement revenues, 5% yoy growth in circulation revenues and 7% yoy growth in radio revenues
EBITDA	1,530	1,613	1,577	3.0	(2.2)	
PBT	1,180	1,333	1,317	11.6	(1.2)	
Reported PAT	793	887	876	10.4	(1.3)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	793	887	876	10.4	(1.3)	We expect EBITDA margin to decline by 20 bps yoy to 27% on account of weak print advertisement spends. Input tax savings would aid EBITDA marginally
EPS (Rs/share)	2.5	2.8	2.8	10.4	(1.3)	
EBITDA margin (%)	27.2	27.3	27.0	-22 bps	-26 bps	
PVR						
Net sales	5,542	6,507	5,559	0.3	(14.6)	PVR's 2QFY18 financials will be impacted by GST. The company will likely adopt conservative accounting pending several clarifications around GST—(1) net ticket sales will be slightly suppressed as the company will conservatively provide for higher taxes pending confirmation on extension of tax exemptions applicable as per grandfathering clause, (2) PVR has fully absorbed about 8% increase in tax on F&B revenues, and (3) benefit of input cost savings may be visible on few cost items but not all as negotiations with studios for continuation of earlier deductions are underway. Given many moving parts, a like-for-like comparison of operating margin with that of previous quarter will not be possible
EBITDA	933	1,261	901	(3.4)	(28.6)	
EBIT	587	885	511	(13.0)	(42.3)	
PBT	442	700	331	(25.2)	(52.8)	
Reported PAT	294	445	216	(26.3)	(51.3)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	294	445	216	(26.3)	(51.3)	We estimate (1) flat footfalls at 18.5 mn given dismal box office performance; comparable properties' footfalls will decline 5% yoy, (2) average ticket price growth of 2% yoy, (3) 9% yoy growth in F&B spends per head and (4) flat advertisement revenues. We expect EBITDA margin to be down 60 bps yoy to 16.2% due to about 150 bps yoy drop in occupancy
EPS (Rs/share)	6.3	9.5	4.6	(26.3)	(51.3)	
EBITDA margin (%)	16.8	19.4	16.2	-63 bps	-318 bps	
Sun TV Network						
Net sales	6,255	7,863	6,593	5.4	(16.1)	We expect Sun to report 2% yoy growth advertisement revenues, narrowing its underperformance versus industry. We note that modest advertisement growth would be largely due to GST-induced weakness in TV advertisement spends. The adverse impact of loss of viewership share of flagship Tamil GEC will be largely offset by surprising buoyancy in Tamil market and share gains in Telugu and Malayalam markets
EBITDA	3,763	3,624	3,873	2.9	6.9	
EBIT	3,633	3,449	3,698	1.8	7.2	
PBT	4,119	3,819	4,096	(0.5)	7.3	
Reported PAT	2,704	2,516	2,704	0.0	7.4	
Extraordinaries	—	—	—	—	—	We expect 11%/26% yoy growth in domestic DTH/cable subscription revenues translating into 16% yoy growth in domestic subscription revenues. High growth in cable on low base would be partly on account of renewal of content deals with digital platforms such as R-Jio. We expect EBIT margin to decline 200 bps yoy to 56.1% entirely due to GST-led weakness in advertisement spends and investments in content
Adjusted PAT	2,704	2,516	2,704	0.0	7.4	
EPS (Rs/share)	6.9	6.4	6.9	0.0	7.4	
EBITDA margin (%)	60.2	46.1	58.7	-142 bps	1266 bps	
Zee Entertainment Enterprises						
Net sales	16,954	15,403	15,603	(8.0)	1.3	TV industry advertisement spends were flat in the September quarter, impacted by cut in FMCG advertisement spends due to GST implementation. We expect Zee to report 3% yoy growth in advertisement revenues (like-for-like) adjusted for sale of sports business and acquisitions. We expect domestic subscription revenues ex-sports to grow 5% yoy on high base (lumpy) and overseas subscription revenues ex-sports to grow 10% yoy. We note that domestic subscription revenue at about 9-10% in 1HFY18 is tracking below company's guidance of 15% due to delays in closures of content deals; we expect catch-up revenues in subsequent quarters
EBITDA	4,892	4,844	4,600	(6.0)	(5.0)	
EBIT	4,556	4,533	4,275	(6.2)	(5.7)	
PBT	4,074	4,864	5,025	23.3	3.3	
Reported PAT	2,384	2,514	2,943	23.5	17.1	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin expansion of 60 bps yoy to 29.5%, led by sale of sports business. Adjusted for the same, profitability will decline on account of higher investments and losses in acquisitions. Adjusted PAT/EPS is excluding RPS impact. The yoy decline in reported revenues reflects the sale of sports business
Adjusted PAT	3,273	3,107	3,306	1.0	6.4	
EBITDA margin (%)	28.9	31.4	29.5	62 bps	-197 bps	
Metals & Mining						
Coal India						
Net sales	156,451	184,043	179,062	14.5	(2.7)	Strong volume growth (14% yoy) coupled with improved e-auction realizations will aid improvement in net sales
EBITDA	1,751	27,646	9,854	462.6	(64.4)	
EBIT	(5,169)	20,947	3,438	NM	(83.6)	
PBT	13,661	39,377	21,185	55.1	(46.2)	
Reported PAT	6,002	23,512	14,829	147.1	(36.9)	Net income growth appears very strong owing to historically low profits reported in 2QFY17
Extraordinaries	—	(5)	—	—	—	
Adjusted PAT	6,002	23,517	14,829	147.1	(36.9)	
EPS (Rs/share)	1.0	3.8	2.4	147.1	(36.9)	
EBITDA margin (%)	1.1	15.0	5.5	438 bps	-952 bps	
Hindalco Industries						
Net sales	90,123	97,700	102,805	14.1	5.2	We model aluminum deliveries of 320,000 tons (+7% qoq, flat yoy) and aluminum EBITDA of Rs10.1 bn (+16% qoq, +26% yoy). The gains from higher aluminum prices will be partly offset by higher input costs and hedging losses
EBITDA	11,564	11,477	13,103	13.3	14.2	
EBIT	8,048	7,686	9,274	15.2	20.7	
PBT	5,469	5,371	6,936	26.8	29.1	
Reported PAT	4,389	2,896	4,647	5.9	60.5	We estimate copper EBITDA at Rs3.5 bn (+7% qoq, -6% yoy)
Extraordinaries	849	(1,044)	—	—	—	
Adjusted PAT	3,710	3,940	4,647	25.3	18.0	
EPS (Rs/share)	1.7	1.8	2.1	25.3	18.0	
EBITDA margin (%)	12.8	11.7	12.7	-9 bps	99 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

				Change (%)		
	Sep-16	Jun-17	Sep-17E	yoy	qoq	Comments
Hindustan Zinc						
Net sales	35,257	45,760	53,293	51.2	16.5	
EBITDA	20,767	23,840	29,808	43.5	25.0	We expect mined metal volumes of 235,000 tons (+22% yoy, +1% qoq) and (1) refined zinc volumes of 195,000 tons (+30% yoy, +1% qoq), (2) lead production of 40,000 tons (+30% yoy, +14% qoq) and (3) silver volumes of 126 tons (+18% yoy, +9% qoq)
EBIT	16,450	20,240	26,172	59.1	29.3	
PBT	23,440	24,170	30,194	28.8	24.9	
Reported PAT	19,019	18,760	23,401	23.0	24.7	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	19,019	18,760	23,401	23.0	24.7	The sequential improvement in earnings is led by increase in zinc prices (+14% qoq) and lead prices (+8% qoq) besides higher refined metal volumes
EPS (Rs/share)	4.5	4.4	5.5	23.0	24.7	
EBITDA margin (%)	58.9	52.1	55.9	-297 bps	383 bps	
Jindal Steel and Power						
Net sales	48,609	59,364	63,155	29.9	6.4	
EBITDA	8,604	13,527	13,468	56.5	(0.4)	We model steel deliveries of 940,000 tons (+16% yoy) assuming ramp-up of Angul steel plant post commissioning of the blast furnace in August 2017. We expect steel EBITDA/ton to decline 4% qoq to Rs8,900 due to decline in long product prices
EBIT	(1,382)	3,905	3,749	NM	(4.0)	
PBT	(10,212)	(5,101)	(5,347)	(47.6)	4.8	
Reported PAT	(7,460)	(3,871)	(4,396)	(41.1)	13.6	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	(7,460)	(3,871)	(4,396)	(41.1)	13.6	We estimate Jindal Power's EBITDA at Rs3.3 bn (-30% qoq, +81% qoq). The sequential decline reflects lower generation in the quarter
EPS (Rs/share)	(8.2)	(4.2)	(4.8)	(41.1)	13.6	
EBITDA margin (%)	17.7	22.8	21.3	362 bps	-147 bps	
JSW Steel						
Net sales	132,278	146,990	164,994	24.7	12.2	
EBITDA	29,586	26,170	31,044	4.9	18.6	We expect blended realizations to increase by Rs1,500/ton qoq led by (1) increase in export prices (+24% qoq), and (2) higher flat product prices in domestic markets. Long product prices declined marginally in the quarter
EBIT	20,671	17,980	22,699	9.8	26.2	
PBT	11,320	8,940	13,568	19.9	51.8	
Reported PAT	7,265	6,260	9,254	27.4	47.8	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	7,265	6,260	9,254	27.4	47.8	We expect EBITDA/ton to increase 24% qoq to Rs7,800 (+10% yoy) led by higher realizations. We model steel deliveries at 3.7 mn tons (+5% qoq, -3% yoy)
EPS (Rs/share)	3.0	2.6	3.8	27.4	47.8	
EBITDA margin (%)	22.4	17.8	18.8	-356 bps	101 bps	
National Aluminium Co.						
Net sales	18,461	18,027	21,163	14.6	17.4	
EBITDA	1,723	2,275	3,384	96.4	48.8	We model alumina shipments a 290,000 tons (flat yoy, +12% qoq) and aluminum volumes at 102,000 tons (+15% yoy, +3% qoq)
EBIT	371	1,105	2,203	494.4	99.3	
PBT	1,734	1,960	3,066	76.9	56.5	
Reported PAT	1,213	1,289	2,017	66.4	56.5	
Extraordinaries	—	—	—	—	—	Our expected increase in net profits reflects higher alumina prices (US$340/ton, +13% qoq) and LME aluminum prices (US$2,010/ton, +5% qoq) partially offset by increase in input costs
Adjusted PAT	1,213	1,289	2,017	66.4	56.5	
EPS (Rs/share)	0.6	0.7	1.0	66.4	56.5	
EBITDA margin (%)	9.3	12.6	16.0	665 bps	337 bps	
NMDC						
Net sales	17,392	28,415	25,943	49.2	(8.7)	
EBITDA	8,258	14,949	13,266	60.6	(11.3)	We model iron ore sales of 8.5 mn tons (+6% qoq, -7% yoy). We expect marginal sequential decline in blended realization to Rs3,050/ton (-1% qoq)
EBIT	7,714	14,482	12,794	65.9	(11.7)	
PBT	10,434	15,687	14,011	34.3	(10.7)	
Reported PAT	7,708	9,693	8,657	12.3	(10.7)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	7,708	9,693	8,657	12.3	(10.7)	We expect EBITDA/ton to decline sequentially to Rs1,560 (-4% qoq)
EPS (Rs/share)	2.4	3.1	2.7	12.3	(10.7)	
EBITDA margin (%)	47.5	52.6	51.1	364 bps	-148 bps	
Vedanta						
Net sales	158,596	182,850	219,109	38.2	19.8	
EBITDA	46,632	48,740	61,745	32.4	26.7	The sequential improvement in EBITDA reflects production recovery after 1QFY18 volumes were affected due to pot outages/shutdown in aluminum, power and copper operations
EBIT	31,343	34,880	47,608	51.9	36.5	
PBT	29,403	29,510	42,503	44.6	44.0	
Reported PAT	12,521	15,250	23,437	87.2	53.7	
Extraordinaries	—	—	—	—	—	We expect EBITDA to increase for (a) Hindustan Zinc (Rs29.8 bn, +25% qoq) led by higher zinc prices, (b) aluminum (Rs6.4 bn, +21% qoq) as 1QFY18 was affected by pot outages, (c) copper (Rs4bn, +88% qoq) as 1QFY18 earnings were again affected due to smelter shutdown, and (d) power (Rs4 bn versus Rs1.1 bn in 1QFY18) from ramp-up of Talwandi Sabo after fire incident
Adjusted PAT	12,521	15,250	23,437	87.2	53.7	
EPS (Rs/share)	3.4	4.1	6.3	87.2	53.7	
EBITDA margin (%)	29.4	26.7	28.2	-123 bps	152 bps	
Tata Steel						
Net sales	263,710	295,568	317,517	20.4	7.4	
EBITDA	29,700	49,740	50,668	70.6	1.9	We model India steel deliveries of 2.95 mn tons (+12% yoy, +7% qoq) aided by KPO ramp-up. We estimate India EBITDA/ton to increase by 16% qoq to Rs12,500/ton led by higher flat product realizations
EBIT	15,023	34,729	35,506	136.3	2.2	
PBT	2,597	22,846	23,505	805.2	2.9	
Reported PAT	(1,823)	9,184	(32,449)	1,680.4	(453.3)	
Extraordinaries	(593)	(6,168)	(47,850)	7,970.5	675.8	
Adjusted PAT	(1,230)	15,352	15,401	NM	0.3	We expect Europe EBITDA/ton to US$78 (US$81/ton EBITDA in 1QFY18). The exceptional charge pertains to payment of GBP550 mn to British Steel Pension Scheme for separation from Tata Steel UK
EPS (Rs/share)	(1.3)	15.8	15.9	NM	0.3	
EBITDA margin (%)	11.3	16.8	16.0	469 bps	-88 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
Others						
Astral Poly Technik						
Net sales	4,367	4,073	4,846	11.0	19.0	
EBITDA	565	485	699	23.7	44.2	Results are expected to be strong due to likely recovery in volumes and margins attributable to restocking by distribution channel post GST implementation
EBIT	436	349	553	26.7	58.7	
PBT	419	336	539	28.6	60.2	
Reported PAT	310	254	437	41.2	72.0	
Extraordinaries	8.4	(8.6)	25.0	197.6	NM	
Adjusted PAT	310	254	437	41.2	72.0	We model sharp 24% yoy jump in EBITDA driven by 11% growth in revenues and 150 bps qoq expansion in margins to 14.4%
EPS (Rs/share)	2.6	2.1	3.7	41.2	72.0	
EBITDA margin (%)	12.9	11.9	14.4	148 bps	252 bps	
Avenue Supermarts						
Net sales	27,787	35,981	37,767	35.9	5.0	
EBITDA	2,328	3,032	3,193	37.1	5.3	We expect strong 36% yoy growth in revenues, partly aided by early festive season
EBIT	2,023	2,695	2,828	39.8	4.9	
PBT	1,785	2,680	2,856	60.0	6.5	
Reported PAT	1,156	1,748	1,856	60.5	6.2	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,156	1,748	1,856	60.5	6.2	We expect EBITDA margin to improve by 10 bps yoy, led by higher gross margins; PAT growth of 60% aided by higher net interest income
EPS (Rs/share)	2.1	2.8	3.0	44.9	6.2	
EBITDA margin (%)	8.4	8.4	8.5	7 bps	2 bps	
Bayer Cropscience						
Net sales	11,600	7,371	13,340	15.0	81.0	
EBITDA	2,374	1,156	3,238	36.4	180.1	We expect revenues to recover in the current quarter due to restocking by distribution channel post implementation of GST
EBIT	2,307	1,076	3,158	36.9	193.5	
PBT	2,433	1,222	3,302	35.7	170.2	
Reported PAT	1,591	1,117	2,245	41.1	101.0	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,591	1,117	2,245	41.1	101.0	We expect EBITDA margins to expand to 24.3% versus 20.5% in 2QFY17, benefiting from restoration of normalcy from previous quarter
EPS (Rs/share)	46.4	32.6	65.5	41.1	101.0	
EBITDA margin (%)	20.5	15.7	24.3	380 bps	858 bps	
Cera Sanitaryware						
Net sales	2,492	2,340	2,322	(6.8)	(0.8)	
EBITDA	413	325	391	(5.4)	20.3	A seasonally weak quarter, we expect sales to remain subdued
EBIT	372	274	343	(7.8)	25.4	
PBT	387	290	348	(10.1)	20.0	
Reported PAT	251	187	229	(8.8)	22.6	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	251	187	229	(8.8)	22.6	We expect utilization levels to remain stable, but EBITDA margin to rebound to +16% after weak margins in 1QFY18
EPS (Rs/share)	19.3	14.4	17.6	(8.8)	22.6	
EBITDA margin (%)	16.6	13.9	16.8	26 bps	294 bps	
Dhanuka Agritech						
Net sales	3,102	2,184	3,567	15.0	63.4	
EBITDA	708	245	800	13.1	226.5	Revenues are expected to improve led by restocking by distribution channel post GST implementation
EBIT	674	211	765	13.6	262.6	
PBT	702	228	782	11.4	242.6	
Reported PAT	492	161	547	11.2	239.9	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	492	161	547	11.2	239.9	We expect EBITDA margin to remain firm at 22.4% versus 22.8% in 2QFY17
EPS (Rs/share)	9.8	3.2	10.9	11.2	239.9	
EBITDA margin (%)	22.8	11.2	22.4	-39 bps	1120 bps	
HSIL						
Net sales	4,736	4,804	5,057	6.8	5.3	
EBITDA	814	531	735	(9.7)	38.3	We expect 2QFY18 performance to remain lackluster due to seasonality effect
EBIT	532	270	456	(14.4)	69.0	
PBT	483	173	365	(24.5)	110.7	
Reported PAT	315	97	255	(19.0)	163.6	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	315	97	255	(19.0)	163.6	We expect demand to remain subdued for the PPD business
EPS (Rs/share)	4.4	1.3	3.5	(19.0)	163.6	
EBITDA margin (%)	17.2	11.1	14.5	-267 bps	347 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%)		Comments
				yoy	qoq	
InterGlobe Aviation						
Net sales	41,669	57,529	49,203	18.1	(14.5)	
EBITDA	1,956	10,970	4,392	124.6	(60.0)	We expect revenues to increase by 18% yoy, on 14% growth in volumes and 3% increase in average ticket price
EBIT	767	9,987	3,389	341.9	(66.1)	
PBT	1,765	11,243	4,549	157.7	(59.5)	
Reported PAT	1,398	8,111	3,230	131.0	(60.2)	
Extraordinaries	—	—	—	—	—	Improvement in yield, together with improvement in load factor, should enable ~300 bps yoy expansion in EBITDAR margins, despite higher fuel prices (+3% yoy) in the quarter
Adjusted PAT	1,398	8,111	3,230	131.0	(60.2)	
EPS (Rs/share)	3.9	22.5	9.0	131.0	(60.2)	
EBITDA margin (%)	4.7	19.1	8.9	423 bps	-1015 bps	
Kaveri Seed						
Net sales	678	5,906	847	25.0	(85.7)	
EBITDA	34	2,069	87	158.9	(95.8)	We expect 25% yoy increase in revenues, led by continued strong demand for cotton seeds
EBIT	(39)	2,006	24	NM	(98.8)	
PBT	132	2,046	92	(29.8)	(95.5)	
Reported PAT	77	2,024	83	7.4	(95.9)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	77	2,024	83	7.4	(95.9)	We expect EBITDA margin to recover to 10.3% versus 5% in 2QFY17
EPS (Rs/share)	1.1	29.4	1.2	7.4	(95.9)	
EBITDA margin (%)	5.0	35.0	10.3	533 bps	-2472 bps	
PI Industries						
Net sales	5,719	5,848	6,037	5.6	3.2	
EBITDA	1,279	1,304	1,409	10.1	8.0	Modest yoy growth in revenues reflecting (1) subdued domestic market and (2) weakness in global demand and stronger rupee for CSM business
EBIT	1,098	1,107	1,209	10.1	9.2	
PBT	1,219	1,219	1,319	8.2	8.2	
Reported PAT	1,014	1,001	989	(2.4)	(1.2)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,014	1,001	989	(2.4)	(1.2)	EBITDA margin will increase by ~100 bps yoy reflecting increase in contribution from CSM business
EPS (Rs/share)	7.4	7.3	7.3	(2.4)	(1.2)	
EBITDA margin (%)	22.4	22.3	23.3	96 bps	103 bps	
Rallis India						
Net sales	5,966	4,630	6,563	10.0	41.7	
EBITDA	1,042	694	1,155	10.8	66.4	We expect modest recovery in revenue growth on account of gradual restoration in normalcy post implementation of GST
EBIT	932	580	1,035	11.0	78.6	
PBT	958	613	1,065	11.1	73.6	
Reported PAT	667	454	799	19.8	76.1	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	667	454	799	19.8	76.1	EBITDA margins will remain steady yoy at 17.6% versus 17.5% in 2QFY17
EPS (Rs/share)	3.4	2.3	4.1	19.8	76.1	
EBITDA margin (%)	17.5	15.0	17.6	12 bps	260 bps	
SRF						
Net sales	12,154	13,884	14,169	16.6	2.1	
EBITDA	2,398	2,091	2,273	(5.2)	8.7	We expect recovery in revenues assuming restoration in normalcy post implementation of GST
EBIT	1,663	1,333	1,513	(9.0)	13.5	
PBT	1,491	1,266	1,388	(6.9)	9.6	
Reported PAT	1,193	1,038	1,110	(6.9)	6.9	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,193	1,038	1,110	(6.9)	6.9	We expect EBITDA margin to recover by 100 bps qoq to 16%, although it will remain well below 19.7% achieved in 2QFY17
EPS (Rs/share)	20.8	18.1	19.3	(6.9)	6.9	
EBITDA margin (%)	19.7	15.1	16.0	-369 bps	97 bps	
Tata Chemicals						
Net sales	34,963	26,486	27,797	(20.5)	4.9	
EBITDA	5,536	4,498	4,851	(12.4)	7.8	We expect 5% qoq growth in revenues and ~50 bps increase in EBITDA margin driven by recovery in soda ash business
EBIT	4,212	3,181	3,531	(16.2)	11.0	
PBT	3,536	2,453	2,836	(19.8)	15.6	
Reported PAT	1,803	1,395	1,677	(7.0)	20.2	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,803	1,395	1,677	(7.0)	20.2	Yoy results are not comparable due to completion of sale of Babrala plant
EPS (Rs/share)	7	5	7	(7.0)	20.2	
EBITDA margin (%)	15.8	17.0	17.5	161 bps	46 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
Teamlease Services						
Net sales	7,226	8,530	9,017	24.8	5.7	We expect a weak net sequential addition of ~1,000 employees on account of GST implementation in July
EBITDA	86	130	142	65.0	9.0	
EBIT	76	110	122	60.4	10.7	
PBT	143	166	159	11.2	(4.4)	
Reported PAT	90	164	156	72.3	(5.1)	We expect nil tax outgo on account of Section 80JJAA benefit
Extraordinaries	—	—	—	—	—	
Adjusted PAT	90	164	156	72.3	(5.1)	
EPS (Rs/share)	5.3	9.6	9.1	72.3	(5.1)	
EBITDA margin (%)	1.2	1.5	1.6	38 bps	4 bps	
UPL						
Net sales	36,576	38,510	37,250	1.8	(3.3)	Revenue growth is expected to stay muted on account of (1) likely gradual recovery in Indian operations and (2) stronger rupee against US dollar
EBITDA	6,247	7,500	7,264	16.3	(3.1)	
EBIT	4,707	5,920	5,664	20.3	(4.3)	
PBT	2,972	5,540	4,784	61.0	(13.7)	
Reported PAT	1,662	4,750	4,066	144.7	(14.4)	We expect EBITDA margin to improve by ~240 bps yoy, reflecting higher realizations due to increase in prices of agro-chemicals
Extraordinaries	(557)	(190)	—	—	—	
Adjusted PAT	2,120	4,923	4,066	91.8	(17.4)	
EPS (Rs/share)	4.2	9.7	8.0	91.8	(17.4)	
EBITDA margin (%)	17.1	19.5	19.5	241 bps	2 bps	
Vardhman Textiles						
Net sales	14,969	15,620	15,847	5.9	1.5	Sequential improvement in EBITDA driven by recovery in EBITDA margin to 16.1% but still below medium-term guidance of 18-22%
EBITDA	3,111	2,205	2,547	(18.1)	15.5	
EBIT	2,271	1,608	1,925	(15.2)	19.7	
PBT	2,684	1,810	2,236	(16.7)	23.6	
Reported PAT	4,540	1,488	1,627	(64.2)	9.4	Qoq increase in net income will likely be lower, as ~200 bps sequential improvement in EBITDA margins will be offset by higher tax rate
Extraordinaries	2,515	—	—	—	—	
Adjusted PAT	2,025	1,488	1,627	(19.6)	9.4	
EPS (Rs/share)	33.6	24.7	27.0	(19.6)	9.4	
EBITDA margin (%)	20.8	14.1	16.1	-472 bps	195 bps	
Whirlpool						
Net sales	8,434	14,640	10,121	20.0	(30.9)	Revenues will likely grow by 20% yoy led by (1) strong demand environment, (2) early festival season this year and (3) restocking of inventory by dealers post GST-related disruption in 1QFY18
EBITDA	897	2,108	1,151	28.3	(45.4)	
EBIT	690	1,830	871	26.2	(52.4)	
PBT	861	2,029	1,066	23.8	(47.5)	
Reported PAT	587	1,327	725	23.4	(45.4)	We expect EBITDA margin to improve by 80 bps yoy as operating leverage benefits will more than offset the likely decline in gross margin (higher RM cost)
Extraordinaries	—	—	—	—	—	
Adjusted PAT	587	1,327	725	23.4	(45.4)	
EPS (Rs/share)	4.6	10.5	5.7	23.4	(45.4)	
EBITDA margin (%)	10.6	14.4	11.4	73 bps	-303 bps	
Pharmaceuticals						
Apollo Hospitals						
Net sales	18,440	19,031	21,019	14.0	10.4	We expect revenue growth of 14% yoy, driven by recovery in Chennai cluster and robust growth in pharmacy business
EBITDA	2,181	1,649	1,925	(11.7)	16.8	
EBIT	1,405	809	1,075	(23.5)	32.9	We expect EBITDA margin to improve by 50 bps qoq to 9.2% as recovery in Chennai cluster and ramp-up of Navi Mumbai will offset impact from price capping of knee implants
Adjusted PAT	638	9	300	(53.0)	3,233.3	
EBITDA margin (%)	11.8	8.7	9.2	-267 bps	49 bps	
Aurobindo Pharma						
Net sales	37,755	36,788	40,354	6.9	9.7	We expect 7% yoy revenue growth for ARBP. We expect the US business to grow by US$22 mn on qoq basis, helped by Renvela launch, and continued growth in injectables. We expect the EU business and RoW business to grow by 10% yoy
EBITDA	9,292	8,416	10,409	12.0	23.7	
EBIT	8,190	7,104	9,098	11.1	28.1	
PBT	8,098	7,156	9,198	13.6	28.5	
Reported PAT	6,056	5,185	6,727	11.1	29.7	
Extraordinaries	202	(77)	—	—	—	We expect EBITDA margin to expand by 290 bps to 25.8% in the quarter (24% ex-Renvela), and expect EPS to grow by 11% yoy and 30% qoq
Adjusted PAT	6,056	5,185	6,727	11.1	29.7	
EPS (Rs/share)	10.4	8.9	11.5	11.1	29.7	
EBITDA margin (%)	24.6	22.9	25.8	118 bps	291 bps	
Biocon						
Net sales	9,400	9,337	10,189	8.4	9.1	We expect 8% yoy revenue growth, driven by 10% growth in research services, with biopharma and domestic formulations expected to grow at 13% and 5% yoy, respectively
EBITDA	2,250	1,921	2,392	6.3	24.5	
EBIT	1,570	933	1,392	(11.3)	49.2	
PBT	2,020	1,312	1,672	(17.2)	27.5	
Reported PAT	1,470	813	1,071	(27.2)	31.7	
Extraordinaries	—	—	—	—	—	We expect stable 23.5% EBITDA margin in the quarter based on 6.1% R&D spend. We expect EPS to decline by 27% yoy although it translates into 31% qoq growth
Adjusted PAT	1,470	813	1,071	(27.2)	31.7	
EPS (Rs/share)	2.5	1.4	1.8	(27.3)	31.4	
EBITDA margin (%)	23.9	20.6	23.5	-46 bps	290 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	qoq	Comments
Cipla						
Net sales	37,511	35,251	40,010	6.7	13.5	We expect exports formulations to grow by 2% yoy. We expect the US business to report sales of US$98 mn in the quarter and expect 15% yoy growth in South Africa. We expect strong 10% yoy domestic formulations growth, post GST-led re-stocking. We assume RoW and API to show steady performance
EBITDA	6,835	6,465	7,195	5.3	11.3	
EBIT	4,543	4,330	5,061	11.4	16.9	
PBT	4,463	5,566	5,261	17.9	(5.5)	
Reported PAT	3,591	4,249	4,060	13.0	(4.5)	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin at 18%, 35 bps contraction on a qoq basis. We expect R&D to increase to 7% of sales in the quarter and expect EBITDA to grow by 5% yoy and 11% qoq. This translates into 13% yoy EPS growth
Adjusted PAT	3,591	4,249	4,060	13.0	(4.5)	
EPS (Rs/share)	4.5	5.3	5.0	13.0	(4.5)	
EBITDA margin (%)	18.2	18.3	18.0	-24 bps	-36 bps	
Dr Lal Pathlabs						
Net sales	2,622	2,493	2,789	6.4	11.9	We expect revenues to grow at 6% yoy on a high base as 2QFY17 benefited from higher-than-expected outbreak of vector-borne diseases. We expect volumes to grow at 5% yoy with test mix and improvement in realizations contributing to the rest of revenue growth
EBITDA	798	655	772	(3.3)	17.8	
EBIT	731	586	702	(4.0)	19.7	
PBT	794	661	780	(1.8)	17.9	
Reported PAT	525	442	520	(0.9)	17.7	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to improve by 140 bps qoq, driven by operating leverage benefits
Adjusted PAT	525	442	520	(0.9)	17.7	
EPS (Rs/share)	6.3	5.3	6.2	(0.9)	17.7	
EBITDA margin (%)	30.4	26.3	27.7	-279 bps	138 bps	
Dr Reddy's Laboratories						
Net sales	35,857	33,159	37,878	5.6	14.2	We expect the US business to grow US$12 mn qoq, given full quarter benefit of Doxil launch, initial stocking for Renvela tablets. We forecast 12% yoy growth for India, while we expect Russia to grow by 33% yoy given rituximab tender suppliers
EBITDA	5,956	3,058	6,354	6.7	107.8	
EBIT	3,109	259	3,504	12.7	1,252.9	
PBT	3,751	674	3,904	4.1	479.2	
Reported PAT	2,950	591	3,088	4.7	422.4	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to expand 755 bps qoq (16 bps yoy) to 16.8%, as we expect gross margin to normalize to ~55% in the quarter. We also see benefits from tight cost control. We expect a four-fold jump in EPS on qoq basis, largely due to low base in 1QFY18 with yoy growth at 2%
Adjusted PAT	2,950	591	3,088	4.7	422.4	
EPS (Rs/share)	17.8	3.5	18.0	1.6	422.4	
EBITDA margin (%)	16.6	9.2	16.8	16 bps	755 bps	
HCG						
Net sales	1,740	1,911	2,014	15.8	5.4	We expect revenues to increase by 16% yoy, led by growth in newly-commissioned facilities at Kanpur, Milann and Nagpur along with growth in existing centers
EBITDA	254	295	311	22.3	5.3	
EBIT	110	143	158	43.7	11.0	
PBT	76	97	113	48.8	16.5	
Reported PAT	49	47	59	19.8	24.2	We expect EBITDA margin to remain steady qoq at 15.4% as losses from new facilities will offset benefits from maturity of other facilities
Extraordinaries	—	—	—	—	—	
Adjusted PAT	49	47	59	19.8	24.2	
EPS (Rs/share)	0.6	0.6	0.7	19.8	24.2	
EBITDA margin (%)	14.6	15.4	15.4	82 bps	-2 bps	
Laurus Labs						
Net sales	5,254	4,912	5,458	3.9	11.1	We expect ARV APIs to grow at 3% yoy, while Hep-C should grow strongly at 15% yoy (-6% qoq). We expect non-ARVs to continue to report robust 25% growth, and forecast strong 50% yoy growth in synthesis
EBITDA	1,103	965	1,162	5.3	20.4	
EBIT	850	667	852	0.2	27.7	
PBT	680	552	727	7.0	31.8	
Reported PAT	508	389	545	7.3	40.2	We expect gross margin to remain steady at 50% helped by product mix, and expect EBITDA margin to expand 165 bps qoq to 21.3%
Extraordinaries	—	—	—	—	—	
Adjusted PAT	508	389	545	7.3	40.2	
EPS (Rs/share)	4.8	3.7	5.2	7.3	40.2	
EBITDA margin (%)	21.0	19.6	21.3	28 bps	164 bps	
Lupin						
Net sales	42,905	38,696	40,572	(5.4)	4.8	We expect the US business revenues to decline by US$3 mn qoq as Fosrenol launch will likely offset the pricing erosion in base portfolio as well as declining Minastrin sales. We expect Japan to show strong 18% yoy growth while India is likely to grow at 14%. We expect South Africa to grow by 8% yoy, and expect 10% growth in RoW
EBITDA	10,281	7,684	8,254	(19.7)	7.4	
EBIT	8,169	5,079	5,554	(32.0)	9.4	
PBT	8,177	4,959	5,404	(33.9)	9.0	
Reported PAT	6,622	3,581	4,053	(38.8)	13.2	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to expand by 50 bps qoq to 20.3%, driven by Fortamet and Glumetza price erosion in the quarter. We expect EPS to decline by 39% yoy and grow by 13% qoq
Adjusted PAT	6,622	3,581	4,053	(38.8)	13.2	
EPS (Rs/share)	14.7	8.0	9.0	(38.8)	13.2	
EBITDA margin (%)	24.0	19.9	20.3	-362 bps	48 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
Sun Pharmaceuticals						
Net sales	82,651	62,088	70,061	(15.2)	12.8	We expect Taro revenues to remain flat in the quarter at US$160 mn. We expect SUNP's ex-Taro US revenues at US$200, US$10 mn qoq decline, as any incremental volume benefit will be offset by declining Gleevec contribution. We expect domestic growth to bounce back to 14% yoy, post GST-led destocking. We expect RoW sales to grow by 48% yoy following the full absorption of Novartis Japan portfolio, while EMs will likely grow at 20% yoy
EBITDA	31,677	10,957	14,374	(54.6)	31.2	
EBIT	28,639	7,490	10,824	(62.2)	44.5	
PBT	29,295	7,916	11,344	(61.3)	43.3	
Reported PAT	22,519	(4,249)	8,487	(62.3)	NM	
Extraordinaries	—	(9,505)	—	—	—	We expect EBITDA margin to expand to 20.5% for the quarter (+290 bps qoq). We expect base Taro EBITDA margin to further contract by 100 bps qoq, and expect ex-Taro EBITDA margin at 16%. We expect EPS to decline by 62% yoy and grow by 62% qoq
Adjusted PAT	22,519	5,256	8,487	(62.3)	61.5	
EPS (Rs/share)	9.4	2.2	3.5	(62.3)	61.5	
EBITDA margin (%)	38.3	17.6	20.5	-1781 bps	287 bps	
Torrent Pharmaceuticals						
Net sales	14,290	13,740	15,608	9.2	13.6	Following five successive quarters of revenue decline, we expect TRP to report 11% yoy growth, largely driven by the domestic business, where we expect 14% growth, helped by post GST restocking and continued market growth. We expect LatAm and branded exports to grow strongly by 15% and expect Europe to be stable with 10% yoy growth
EBITDA	3,300	2,970	3,501	6.1	17.9	
EBIT	2,610	2,170	2,681	2.7	23.6	
PBT	2,530	2,660	3,101	22.6	16.6	
Reported PAT	2,070	1,880	2,357	13.9	25.4	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to stabilize at 22.4%. We expect EPS to grow by 25% qoq and 14% yoy
Adjusted PAT	2,070	1,880	2,357	13.9	25.4	
EPS (Rs/share)	12.2	11.1	13.9	13.9	25.4	
EBITDA margin (%)	23.1	21.6	22.4	-67 bps	81 bps	
Real Estate						
Brigade Enterprises						
Net sales	4,502	5,550	5,567	23.6	0.3	We expect steady sales in line with 1QFY18
EBITDA	1,286	1,263	1,413	9.9	11.9	
EBIT	997	945	1,081	8.5	14.4	
PBT	462	435	638	38.0	46.7	
Reported PAT	287	280	421	46.8	50.1	We expect debt to increase on account of capex activity
Extraordinaries	—	—	—	—	—	
Adjusted PAT	286	283	421	47.1	48.8	
EBITDA margin (%)	28.6	22.8	25.4	-318 bps	262 bps	
DLF						
Net sales	20,707	20,477	21,759	5.1	6.3	We expect sales to remain lackluster due to weak market conditions and GST impact
EBITDA	10,204	9,031	8,427	(17.4)	(6.7)	
EBIT	8,764	7,582	6,775	(22.7)	(10.6)	
PBT	2,963	1,391	1,511	(49.0)	8.6	
Reported PAT	2,031	1,107	938	(53.8)	(15.3)	We expect debt to increase by over Rs6 bn during 2QFY18
Extraordinaries	61	—	—	—	—	
Adjusted PAT	2,000	1,085	938	(53.1)	(13.6)	
EPS (Rs/share)	1.1	0.6	0.5	(53.1)	(13.6)	
EBITDA margin (%)	49.3	44.1	38.7	-1055 bps	-538 bps	
Godrej Properties						
Net sales	3,296	2,487	3,293	(0.1)	32.4	GPL has been offering multiple schemes across projects; we expect realizations to soften during the quarter
EBITDA	236	(183)	397	68.6	NM	
EBIT	201	(219)	360	78.9	NM	
PBT	222	430	532	140.3	23.7	
Reported PAT	235	234	391	66.6	67.4	Launches on subsequent phases could reflect in steady sales
Extraordinaries	—	—	—	—	—	
Adjusted PAT	233	233	391	67.7	68.0	
EPS (Rs/share)	1.1	1.1	1.8	67.7	68.0	
EBITDA margin (%)	7.1	(7.4)	12.1	491 bps	1941 bps	
Oberoi Realty						
Net sales	2,520	2,607	2,965	17.6	13.7	Excluding sales from Three Sixty West project, we expect sales to be at 1QFY18 levels
EBITDA	1,258	1,355	1,532	21.7	13.0	
EBIT	1,134	1,232	1,407	24.1	14.3	
PBT	1,248	1,312	1,456	16.7	11.0	
Reported PAT	695	906	954	37.2	5.2	GST impact (high transaction tax) will reflect in slower sales in Oberoi Esquire. It could see some realization change in Oberoi Sky City and Oberoi Eternia and Oberoi Enigma
Extraordinaries	—	—	—	—	—	
Adjusted PAT	701	914	954	36.0	4.4	
EPS (Rs/share)	2.1	2.7	2.8	36.0	4.4	
EBITDA margin (%)	49.9	52.0	51.7	173 bps	-33 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (₹ mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	qoq	Comments
Prestige Estates Projects						
Net sales	11,518	12,796	13,237	14.9	3.4	We expect sales to remain subdued for Prestige despite it offering sales schemes on account of increased transaction costs
EBITDA	2,391	2,642	2,679	12.1	1.4	
EBIT	1,918	2,266	2,252	17.4	(0.6)	
PBT	1,365	1,668	1,539	12.8	(7.7)	
Reported PAT	645	812	1,067	65.5	31.5	Debt could increase in 2QFY18 despite steady collections, to fund capex
Extraordinaries	—	—	—	—	—	
Adjusted PAT	645	812	1,067	65.5	31.5	
EPS (Rs/share)	0.2	0.2	0.3	65.5	31.5	
EBITDA margin (%)	20.8	20.6	20.2	-52 bps	-41 bps	
Sobha						
Net sales	5,411	6,789	6,708	24.0	(1.2)	We expect sales to be in line with 1QFY18 levels
EBITDA	1,034	1,215	1,260	21.8	3.7	
EBIT	880	1,080	1,098	24.8	1.7	
PBT	612	728	753	23.0	3.4	
Reported PAT	384	477	497	29.5	4.3	We expect Sobha to continue generating positive cash flow from operations, part of which could be deployed in new land purchases
Extraordinaries	—	—	—	—	—	
Adjusted PAT	386	470	497	28.9	5.8	
EPS (Rs/share)	4.0	4.9	5.2	28.9	5.8	
EBITDA margin (%)	19.1	17.9	18.8	-34 bps	88 bps	
Technology						
HCL Technologies						
Net sales	115,190	121,490	126,728	10.0	4.3	We expect c/c revenue growth rate of 2.8% (2.1% organic) and cross-currency tailwind of 150 bps. We expect contribution of US$14 mn (0.7%) from IBM IP V deal and Urban fulfillment acquisition for part of the quarter
EBITDA	25,115	26,801	27,520	9.6	2.7	
EBIT	23,180	24,437	24,989	7.8	2.3	
PBT	25,529	27,128	27,598	8.1	1.7	
Reported PAT	20,146	21,709	21,674	7.6	(0.2)	We expect EBIT margin to decline 40 bps due to wage revision partly offset by cross-currency tailwinds. We expect HCLT to retain c/c revenue growth guidance of 10.5-12.5%. In addition, expect the company to retain 19.5-20.5% EBIT margin guidance
Extraordinaries	—	—	—	—	—	
Adjusted PAT	20,146	21,709	21,674	7.6	(0.2)	
EPS (Rs/share)	14.3	15.4	15.4	7.6	(0.2)	
EBITDA margin (%)	21.8	22.1	21.7	-9 bps	-35 bps	
Hexaware Technologies						
Net sales	9,041	9,836	9,926	9.8	0.9	We expect muted c/c revenue growth after strong 5.5% US$ revenue growth in June quarter. IMS and BPO will report strong growth but insourcing and loss of projects from two large clients will drag down overall growth
EBITDA	1,576	1,598	1,632	3.5	2.1	
EBIT	1,434	1,441	1,451	1.2	0.7	
PBT	1,498	1,587	1,579	5.4	(0.5)	
Reported PAT	1,111	1,224	1,192	7.3	(2.6)	EBIT margin may decline 50 bps on qoq basis due to (1) partial impact of wage revision, and(2) ramp-down in large accounts, which may be partly offset by cross-currency tailwinds, lower visa costs and operating efficiencies. We expect the company to retain 14-15% US$ revenue growth guidance
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,111	1,224	1,192	7.3	(2.6)	
EPS (Rs/share)	3.7	4.1	4.0	7.3	(2.6)	
EBITDA margin (%)	17.4	16.2	16.4	-100 bps	19 bps	
Infosys						
Net sales	173,100	170,780	176,303	1.9	3.2	We expect c/c revenue growth of 2.3% and cross-currency tailwind of 80 bps. We have assumed a lower c/c tailwind based on assumption of lack of forex gain. We expect EBIT margin to decline 50 bps due to wage hike (80 bps impact) partly offset by cross-currency tailwinds and lower visa costs
EBITDA	47,330	45,610	46,167	(2.5)	1.2	
EBIT	43,090	41,110	41,590	(3.5)	1.2	
PBT	50,690	49,250	48,569	(4.2)	(1.4)	
Reported PAT	36,060	34,830	34,798	(3.5)	(0.1)	We expect Infosys to lower guidance to 6-7% c/c revenue growth from 6.5-8.5% and maintain 23-25% EBIT margin guidance. The cut in revenue guidance will be on account of lack of pick-up in financial services spending and disruption to the business caused by departure of the CEO. The likely revised guidance range implies marginal growth in 2H on sequential basis
Extraordinaries	—	—	—	—	—	
Adjusted PAT	36,060	34,830	34,798	(3.5)	(0.1)	
EPS (Rs/share)	15.8	15.2	15.2	(3.6)	(0.1)	
EBITDA margin (%)	27.3	26.7	26.2	-116 bps	-53 bps	
L&T Infotech						
Net sales	16,020	16,707	17,289	7.9	3.5	We expect c/c revenue growth of 2.3% and cross-currency tailwind of 110 bps. Management guided for higher sequential growth in September 2017 quarter compared to June 2017 quarter (1.5%)
EBITDA	3,046	2,798	2,948	(3.2)	5.4	
EBIT	2,581	2,405	2,497	(3.3)	3.8	
PBT	2,944	3,489	3,352	13.9	(3.9)	
Reported PAT	2,325	2,672	2,564	10.3	(4.0)	We expect flat margin as 125-150 bps impact of wage revision will be entirely offset by operational efficiencies and lower visa costs. We expect strong forex gains of Rs600 mn (Rs839 mn in Jun-17) resulting from maturity of forward contracts
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,325	2,672	2,564	10.3	(4.0)	
EPS (Rs/share)	13.4	15.3	14.7	9.6	(4.0)	
EBITDA margin (%)	19.0	16.7	17.1	-197 bps	30 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (` mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
Mphasis						
Net sales	15,176	15,360	15,774	3.9	2.7	We expect c/c growth of 3% largely driven by direct core segment. Digital Risk would be a drag on growth
EBITDA	2,463	2,295	2,445	(0.7)	6.5	
EBIT	2,323	2,114	2,283	(1.7)	8.0	
PBT	2,988	2,562	2,628	(12.0)	2.6	
Reported PAT	2,107	1,872	1,879	(10.8)	0.4	We expect 70 bps qoq increase in EBIT margin, led by cross-currency tailwinds and strong growth
Extraordinaries	(59)	—	—	—	—	
Adjusted PAT	2,166	1,872	1,879	(13.2)	0.4	
EPS (Rs/share)	10.3	9.1	9.7	(5.4)	7.3	
EBITDA margin (%)	16.2	14.9	15.5	-73 bps	55 bps	
TCS						
Net sales	292,840	295,840	305,792	4.4	3.4	We expect constant currency (c/c) revenue growth of 2.1% and cross-currency tailwind of 130 bps. The growth is weaker than usual and impacted by soft BFS in North America and industry-wide challenges in the Retail vertical
EBITDA	81,110	74,120	80,624	(0.6)	8.8	
EBIT	76,170	69,140	75,291	(1.2)	8.9	
PBT	86,690	78,460	81,435	(6.1)	3.8	
Reported PAT	65,860	59,450	61,622	(6.4)	3.7	We expect EBIT margin to recover 125 bps qoq on normalization of wage hike, cross-currency tailwinds and operational efficiency. We note that several cost items such as facilities cost and travel overshot in the previous quarter and expect normalization of these costs. Net profit growth is muted due to lower other income following completion of buyback of Rs160 bn
Extraordinaries	—	—	—	—	—	
Adjusted PAT	65,860	59,450	61,622	(6.4)	3.7	
EPS (Rs/share)	33.4	31.1	32.2	(3.7)	3.7	
EBITDA margin (%)	27.7	25.1	26.4	-134 bps	131 bps	
Tech Mahindra						
Net sales	71,674	73,361	76,043	6.1	3.7	We expect c/c revenue growth of 2.3% and organic c/c revenue growth of 1.3%. Full quarter consolidation of HCI acquisition would contribute 1% to revenue growth. We expect cross-currency tailwind of 130 bps. Growth will be largely driven by enterprise vertical. Telecom vertical revenues would be flattish
EBITDA	10,701	9,347	10,565	(1.3)	13.0	
EBIT	8,254	6,879	7,973	(3.4)	15.9	
PBT	9,296	10,615	9,887	6.4	(6.9)	
Reported PAT	6,207	7,985	7,077	14.0	(11.4)	EBIT margin will improve by 110 bps driven by lower visa costs, operational efficiencies and cross-currency tailwinds. We forecast forex gain of US$22 mn as against US$42 mn in 1QFY18. We note that June quarter other income also included non-recurring gain of US$8 mn from sale of land. September quarter tax rate will be higher at 29% due to dividend tax on treasury shares. Full-year tax rate will be 25% as guided previously
Extraordinaries	—	—	—	—	—	
Adjusted PAT	6,207	7,985	7,077	14.0	(11.4)	
EPS (Rs/share)	6.4	8.2	7.2	13.4	(11.4)	
EBITDA margin (%)	14.9	12.7	13.9	-104 bps	115 bps	
Wipro						
Net sales	138,938	136,614	138,602	(0.2)	1.5	We expect c/c revenue growth of 1.2% partly aided by IP deal (20 bps), close to the upper end of revenue guidance of -0.5% to +1.5%. We expect cross-currency tailwind of 160 bps. Growth would be aided by large deal ramp-ups in BFS vertical
EBITDA	27,820	27,036	28,109	1.0	4.0	
EBIT	22,971	22,093	22,645	(1.4)	2.5	
PBT	26,648	26,819	27,478	3.1	2.5	
Reported PAT	20,672	20,765	20,846	0.8	0.4	
Extraordinaries	—	—	—	—	—	We expect 40 bps qoq improvement in EBIT margin driven by operating efficiencies and cross-currency tailwinds, partly offset by full-quarter impact of wage revision. Expect c/c revenue growth guidance of 1-3% for December 2017 quarter
Adjusted PAT	20,672	20,765	20,846	0.8	0.4	
EPS (Rs/share)	4.3	4.3	4.3	0.8	0.4	
EBITDA margin (%)	20.0	19.8	20.3	25 bps	49 bps	
Telecom						
Bharti Airtel						
Net sales	246,515	219,581	218,019	(11.6)	(0.7)	We expect 4.3% qoq and 16% yoy decline in India wireless revenues and 10% qoq decline in India wireless EBITDA
EBITDA	94,403	77,584	73,941	(21.7)	(4.7)	
EBIT	44,843	29,392	24,566	(45.2)	(16.4)	
PBT	24,657	11,961	5,566	(77.4)	(53.5)	
Reported PAT	14,608	3,673	2,320	(84.1)	(36.8)	Anticipation of Jio FTTH launch has started exerting pressure on India home broadband business as well. DTH continues to do well
Extraordinaries	909	(402)	—	—	—	
Adjusted PAT	13,699	4,075	2,320	(83.1)	(43.1)	
EPS (Rs/share)	3.4	1.0	0.6	(83.1)	(43.1)	
EBITDA margin (%)	38.3	35.3	33.9	-439 bps	-142 bps	
Bharti Infratel						
Net sales	32,919	35,239	37,016	12.4	5.0	We expect strong tenancy growth momentum to sustain on the back of R-Jio rollouts
EBITDA	14,498	15,750	16,671	15.0	5.8	
EBIT	8,869	9,845	10,761	21.3	9.3	
PBT	11,674	10,946	11,711	0.3	7.0	
Reported PAT	7,738	6,639	7,144	(7.7)	7.6	Operating leverage should aid a strong 15% yoy EBITDA growth print
Extraordinaries	170	—	—	—	—	
Adjusted PAT	7,568	6,639	7,144	(5.6)	7.6	
EPS (Rs/share)	4.1	3.6	3.9	(5.6)	7.6	
EBITDA margin (%)	44.0	44.7	45.0	99 bps	34 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (` mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	qoq	Comments
IDEA						
Net sales	93,002	81,665	75,450	(18.9)	(7.6)	Another dismal quarter likely on account of sustained pressure on revenues
EBITDA	28,401	18,754	13,492	(52.5)	(28.1)	
EBIT	8,858	(1,925)	(7,808)	(188.1)	305.6	
PBT	104	(13,464)	(19,608)	(18,874.2)	45.6	
Reported PAT	914	(8,149)	(12,071)	(1,420.3)	48.1	We expect a 7.6% qoq decline in revenues, 28% decline in EBITDA and a loss of Rs12.1 bn
Extraordinaries	—	—	—	—	—	
Adjusted PAT	914	(8,149)	(12,071)	(1,420.3)	48.1	
EPS (Rs/share)	0.3	(2.3)	(3.4)	(1,420.3)	48.1	
EBITDA margin (%)	30.5	23.0	17.9	-1266 bps	-509 bps	
Tata Communications						
Net sales	45,091	43,100	43,185	(4.2)	0.2	We expect EBITDA recovery off the 2HFY17 blip to continue in 2QFY18
EBITDA	6,625	5,586	5,855	(11.6)	4.8	
EBIT	1,981	1,140	1,352	(31.8)	18.6	
PBT	1,750	822	1,276	(27.0)	55.2	
Reported PAT	845	322	724	(14.3)	124.5	Voice segment decline likely to continue; EBITDA trajectory to improve across all data segments
Extraordinaries	—	—	—	—	—	
Adjusted PAT	845	322	724	(14.3)	124.5	
EPS (Rs/share)	3.0	1.1	2.5	(14.3)	124.5	
EBITDA margin (%)	14.7	13.0	13.6	-114 bps	59 bps	
Utilities						
Adani Power						
Net sales	57,643	55,902	57,093	(1.0)	2.1	Earning are not comparable with the same period last year, as the company will cease to accrue compensatory tariffs for Mundra
EBITDA	18,093	15,603	17,879	(1.2)	14.6	
EBIT	12,116	8,941	11,267	(7.0)	26.0	
PBT	(1,165)	(4,550)	(2,136)	83.4	(53.1)	
Reported PAT	(1,134)	(4,539)	(2,136)	88.4	(52.9)	Our estimates continue to factor accrual of compensatory tariff for assets outside of Mundra despite uncertainty around the same
Extraordinaries	—	—	—	—	—	
Adjusted PAT	(1,134)	(4,539)	(2,136)	88.4	(52.9)	
EPS (Rs/share)	(0.3)	(1.2)	(0.6)	88.4	(52.9)	
EBITDA margin (%)	31.4	27.9	31.3	-8 bps	340 bps	
CESC						
Net sales	18,930	19,900	18,861	(0.4)	(5.2)	Subdued quarter in the absence of growth in unit sales will curtail overall return profile compared to 2QFY17
EBITDA	4,680	4,130	4,632	(1.0)	12.2	
EBIT	3,690	3,080	3,577	(3.1)	16.1	
PBT	3,480	2,270	2,928	(15.9)	29.0	
Reported PAT	2,420	1,780	2,196	(9.2)	23.4	Improved generation during the quarter will reduce dependence on purchased power
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,420	1,780	2,196	(9.2)	23.4	
EPS (Rs/share)	19.4	14.2	17.6	(9.2)	23.4	
EBITDA margin (%)	24.7	20.8	24.6	-17 bps	380 bps	
JSW Energy						
Net sales	20,082	22,316	17,390	(13.4)	(22.1)	Weak generation at Ratnagiri and Vijaynagar will lead to losses on standalone earnings
EBITDA	9,239	8,688	8,369	(9.4)	(3.7)	
EBIT	6,768	6,261	5,948	(12.1)	(5.0)	
PBT	3,316	3,323	2,898	(12.6)	(12.8)	
Reported PAT	2,174	2,172	2,000	(8.0)	(7.9)	Increase in prices of imported coal may be partially offset by appreciating local currency
Extraordinaries	25	(37)	—	—	—	
Adjusted PAT	2,149	2,209	2,000	(7.0)	(9.5)	
EPS (Rs/share)	1.3	1.4	1.2	(7.0)	(9.5)	
EBITDA margin (%)	46.0	38.9	48.1	211 bps	918 bps	
NHPC						
Net sales	23,517	23,275	23,830	1.3	2.4	Weak generation growth (-5% yoy) will likely reflect in net profits (24% yoy decline)
EBITDA	15,079	13,863	14,806	(1.8)	6.8	
EBIT	11,657	10,327	11,178	(4.1)	8.2	
PBT	19,243	10,980	15,235	(20.8)	38.7	
Reported PAT	15,560	8,627	11,883	(23.6)	37.8	Late payment surcharge of Rs4.4 bn during the same period last year will likely result in decline in net profits
Extraordinaries	7	—	—	—	—	
Adjusted PAT	15,553	8,627	11,883	(23.6)	37.8	
EPS (Rs/share)	1.4	0.8	1.1	(23.6)	37.8	
EBITDA margin (%)	64.1	59.6	62.1	-199 bps	256 bps	

Source: Companies, Kotak Institutional Equities estimates

Company-wise earnings of the KIE universe (` mn)

	Sep-16	Jun-17	Sep-17E	Change (%) yoy	Change (%) qoq	Comments
NTPC						
Net sales	192,415	198,793	195,429	1.6	(1.7)	Absence of significant commercialization (970 MW) during the past 12 months will hurt revenue growth
EBITDA	52,393	50,401	48,536	(7.4)	(3.7)	
EBIT	38,052	34,701	32,981	(13.3)	(5.0)	
PBT	32,580	34,654	31,964	(1.9)	(7.8)	
Reported PAT	24,960	26,182	24,612	(1.4)	(6.0)	Prior-period sales of Rs1.3 bn during 2QFY17 will result in marginal decline in net profits
Extraordinaries	—	—	—	—	—	
Adjusted PAT	24,960	26,182	24,612	(1.4)	(6.0)	
EPS (Rs/share)	3.0	3.2	3.0	(1.4)	(6.0)	
EBITDA margin (%)	27.2	25.4	24.8	-240 bps	-52 bps	
Power Grid						
Net sales	62,296	71,814	73,159	17.4	1.9	Strong revenue growth of 17% yoy aided by aggressive capitalization of Rs300 bn in trailing 12 months
EBITDA	55,788	62,004	63,439	13.7	2.3	
EBIT	37,020	40,692	41,728	12.7	2.5	
PBT	23,608	25,153	25,576	8.3	1.7	
Reported PAT	18,720	19,829	20,461	9.3	3.2	We factor asset capitalization of Rs42 bn in 2QFY18
Extraordinaries	—	—	—	—	—	
Adjusted PAT	18,720	19,829	20,461	9.3	3.2	
EPS (Rs/share)	3.6	3.8	3.9	9.3	3.2	
EBITDA margin (%)	89.6	86.3	86.7	-285 bps	37 bps	
Reliance Power						
Net sales	24,727	26,352	24,600	(0.5)	(6.6)	Weak generation at Butibori and Rosa during the quarter, offset by better generation at Sasan
EBITDA	11,443	11,639	10,440	(8.8)	(10.3)	
EBIT	9,980	9,758	8,617	(13.7)	(11.7)	
PBT	3,939	3,269	2,299	(41.6)	(29.7)	
Reported PAT	2,721	2,309	1,794	(34.1)	(22.3)	Cost-plus tariffs at Rosa and Butibori will ensure earnings stability
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,721	2,309	1,794	(34.1)	(22.3)	
EPS (Rs/share)	1.0	0.8	0.6	(34.1)	(22.3)	
EBITDA margin (%)	46.3	44.2	42.4	-384 bps	-173 bps	
Tata Power						
Net sales	14,038	19,156	18,205	29.7	(5.0)	Stable earnings from distribution business
EBITDA	2,310	5,920	5,420	134.6	(8.4)	
EBIT	732	4,288	3,784	417.2	(11.8)	
PBT	6,354	2,773	1,963	(69.1)	(29.2)	
Reported PAT	4,473	1,882	1,414	(68.4)	(24.9)	Higher fuel cost likely on increasing prices of imported coal
Extraordinaries	(130)	—	—	—	—	
Adjusted PAT	4,603	1,882	1,414	(69.3)	(24.9)	
EPS (Rs/share)	2.2	0.9	0.7	(69.3)	(24.9)	
EBITDA margin (%)	16.5	30.9	29.8	1331 bps	-113 bps	

Source: Companies, Kotak Institutional Equities estimates

Exhibit 6: Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs) 05-Oct-17	Target price (Rs)	Upside (%)	Mkt cap. (Rs mn)	Mkt cap. (US$ mn)	O/S shares (mn)	EPS (Rs) 2018E	EPS (Rs) 2019E	EPS (Rs) 2020E	EPS growth (%) 2018E	EPS growth (%) 2019E	EPS growth (%) 2020E	PER (X) 2018E	PER (X) 2019E	PER (X) 2020E	EV/EBITDA (X) 2018E	EV/EBITDA (X) 2019E	EV/EBITDA (X) 2020E	Price/BV (X) 2018E	Price/BV (X) 2019E	Price/BV (X) 2020E	RoE (%) 2018E	RoE (%) 2019E	RoE (%) 2020E	Dividend yield (%) 2018E	Dividend yield (%) 2019E	Dividend yield (%) 2020E	ADVT-3mo (US$ mn)
Automobiles																													
Amara Raja Batteries	SELL	705	740	5.0	120,423	1,852	171	29.0	35.5	40.5	3.5	22.4	13.9	24.3	19.8	17.4	13.4	11.2	9.8	4.0	3.4	3.0	17.7	18.7	18.3	0.6	0.8	0.9	6.6
Apollo Tyres	NR	240	—	—	122,013	1,876	509	17.0	24.2	29.6	(21.4)	42.6	22.4	14.1	9.9	8.1	8.8	6.3	5.1	1.5	1.4	1.2	11.3	14.5	15.6	1.3	1.3	1.3	16.9
Ashok Leyland	ADD	123	110	(10.2)	358,501	5,512	2,926	4.3	5.8	7.9	(15.4)	33.5	36.3	28.3	21.2	15.5	15.8	12.2	9.2	5.2	4.5	3.8	19.4	22.6	26.4	1.1	1.4	1.9	21.4
Bajaj Auto	REDUCE	3,131	2,525	(19.3)	905,950	13,930	289	130.5	150.2	165.8	(1.4)	15.1	10.4	24.0	20.8	18.9	17.5	14.8	13.0	4.8	4.3	3.8	21.0	21.6	21.3	1.7	1.9	2.1	13.6
Balkrishna Industries	ADD	1,668	1,760	5.5	161,241	2,479	97	87.4	105.4	122.3	16.2	20.5	16.1	19.1	15.8	13.6	10.7	8.7	7.2	3.8	3.1	2.6	21.6	21.5	20.7	0.5	0.6	0.6	4.5
Bharat Forge	SELL	632	500	(20.9)	294,438	4,527	466	16.7	21.7	24.9	13.8	29.5	15.1	37.8	29.2	25.4	19.8	16.1	14.1	6.3	5.4	4.7	17.7	20.0	19.9	0.6	0.8	0.9	16.1
CEAT	ADD	1,719	1,950	13.4	69,532	1,069	40	80.3	122.3	142.9	(12.5)	52.3	16.8	21.4	14.1	12.0	11.3	8.3	7.1	2.6	2.2	1.9	12.7	17.0	17.2	0.6	0.8	0.9	19.5
Eicher Motors	SELL	30,789	20,500	(33.4)	838,147	12,888	27	783.8	907.7	1,094.3	27.9	15.8	20.6	39.3	33.9	28.1	28.0	23.7	19.7	15.0	11.2	8.6	44.8	37.8	34.5	0.1	0.1	0.1	21.0
Exide Industries	SELL	204	200	(2.0)	173,485	2,668	850	9.0	9.8	10.7	10.5	8.3	9.5	22.6	20.9	19.1	14.0	12.9	11.6	3.2	2.9	2.6	14.8	14.6	14.6	1.5	1.5	1.5	7.2
Hero Motocorp	SELL	3,757	3,200	(14.8)	750,301	11,537	200	183.8	203.3	222.9	8.7	10.7	9.6	20.4	18.5	16.9	13.6	12.1	10.8	6.5	5.7	5.0	33.8	32.8	31.6	2.4	2.7	3.0	25.2
Mahindra CIE Automotive	ADD	241	275	14.1	91,161	1,402	378	9.6	12.3	15.2	106.7	28.5	23.3	25.1	19.6	15.9	12.1	9.9	8.1	2.5	2.2	2.0	10.5	12.1	13.1	—	—	—	0.7
Mahindra & Mahindra	BUY	1,301	1,615	24.2	807,886	12,422	569	73.2	84.3	93.5	11.2	15.2	10.9	17.8	15.4	13.9	11.8	10.2	9.0	2.5	2.2	2.0	14.9	15.3	15.1	1.1	1.3	1.4	22.3
Maruti Suzuki	ADD	7,831	8,050	2.8	2,365,604	36,374	302	275.2	344.9	398.0	13.3	25.3	15.4	28.5	22.7	19.7	16.8	13.2	10.8	5.6	4.8	4.1	21.3	22.8	22.5	0.9	1.1	1.3	50.8
Motherson Sumi Systems	SELL	336	250	(25.7)	708,073	10,888	2,105	9.6	12.3	14.9	25.2	27.4	21.6	34.9	27.4	22.5	13.2	11.1	9.2	7.4	6.3	5.3	22.8	25.0	25.7	0.8	1.1	1.3	14.3
MRF	ADD	63,196	74,000	17.1	268,022	4,121	4	3,045	4,192	4,757	(13.1)	37.7	13.5	20.8	15.1	13.3	10.2	7.4	6.3	2.7	2.3	2.0	13.9	16.5	16.0	0.1	0.1	0.1	13.0
Schaeffler India	ADD	4,912	5,000	1.8	81,624	1,255	17	144.6	177.7	216.0	23.6	22.9	21.5	34.0	27.6	22.7	20.1	16.5	13.3	4.9	4.4	3.8	15.5	16.8	17.9	0.4	0.7	0.9	0.6
SKF	REDUCE	1,540	1,500	(2.6)	81,208	1,249	51	56.7	65.6	77.4	22.5	15.7	18.1	27.2	23.5	19.9	18.6	15.5	12.9	4.4	3.9	3.5	16.3	16.8	17.6	1.1	1.3	1.5	0.7
Suprajit Engineering	SELL	285	215	(24.5)	37,418	575	140	8.6	10.4	12.3	(1.8)	21.0	17.7	33.1	27.3	23.2	16.8	14.4	12.4	6.5	5.5	4.6	21.4	21.7	21.4	0.5	0.6	0.7	0.4
Tata Motors	BUY	423	540	27.6	1,437,017	20,672	3,396	28.5	47.7	57.3	2.9	67.4	20.1	14.8	8.9	7.4	5.4	4.0	3.4	2.1	1.7	1.4	15.4	21.4	20.8	—	—	—	52.3
Timken	REDUCE	764	650	(14.9)	51,918	798	68	19.3	24.5	29.9	35.1	26.8	22.0	39.5	31.2	25.5	21.9	17.6	14.6	7.1	6.2	5.4	19.4	21.2	22.5	0.3	1.0	1.2	0.8
TVS Motor	SELL	655	320	(51.1)	311,206	4,785	475	13.1	16.9	20.3	21.6	29.4	19.8	50.1	38.7	32.3	28.6	22.9	19.3	11.9	10.0	8.3	25.7	28.0	28.1	0.6	0.8	0.9	10.8
WABCO India	ADD	6,018	5,850	(2.8)	114,150	1,755	19	130.7	171.4	209.6	16.1	31.2	22.3	46.1	35.1	28.7	29.0	21.9	17.6	7.7	6.4	5.3	18.0	19.9	20.2	0.2	0.2	0.3	0.6
Automobiles	**Cautious**				**10,149,318**	**154,634**					**7.3**	**32.2**	**17.0**	**23.9**	**18.1**	**15.5**	**11.6**	**9.0**	**7.6**	**4.2**	**3.6**	**3.0**	**17.5**	**19.6**	**19.5**	**0.8**	**1.0**	**1.1**	**319.1**
Banks																													
Axis Bank	ADD	501	525	4.7	1,201,674	18,477	2,395	24.2	35.1	41.5	57.7	45.1	18.2	20.7	14.3	12.1	—	—	—	2.3	2.0	1.7	10.0	13.1	13.9	0.7	1.1	1.2	55.4
Bank of Baroda	ADD	140	195	39.7	321,661	4,946	2,310	11.0	22.3	26.6	83.0	103.9	19.2	12.7	6.2	5.2	—	—	—	1.3	1.2	1.0	6.7	12.7	13.7	1.6	3.2	3.8	29.9
Bank of India	ADD	139	170	21.9	165,185	2,540	1,186	1.8	20.9	29.6	112.5	1,032.7	41.9	75.6	6.7	4.7	—	—	—	1.5	1.0	0.8	0.8	8.9	11.6	—	3.0	4.3	10.8
Canara Bank	REDUCE	310	350	12.9	185,160	2,847	597	17.4	55.3	59.8	(7.2)	217.2	8.1	17.8	5.6	5.2	—	—	—	1.4	1.1	0.8	3.1	9.2	9.1	—	0.9	1.0	11.2
City Union Bank	REDUCE	165	165	0.3	108,763	1,672	661	8.2	9.7	11.6	(2.2)	18.6	19.7	20.1	17.0	14.2	—	—	—	2.9	2.6	2.2	14.3	15.1	16.0	0.9	1.0	1.3	1.4
DCB Bank	REDUCE	188	200	6.6	57,753	888	308	7.0	9.3	11.6	0.3	32.7	24.8	26.7	20.2	16.1	—	—	—	2.4	2.2	2.0	9.6	10.7	12.0	—	—	—	6.3
Equitas Holdings	ADD	152	180	18.3	51,548	793	338	0.3	4.6	9.1	(93.6)	1,422.1	96.9	501.3	32.9	16.7	—	—	—	2.5	2.3	2.0	0.5	6.7	12.0	—	—	—	5.7
Federal Bank	BUY	114	130	13.9	222,459	3,421	1,832	6.3	7.9	9.0	30.2	26.1	13.4	18.2	14.4	12.7	—	—	—	1.8	1.6	1.5	10.8	11.2	11.7	1.1	1.4	1.5	16.4
HDFC Bank	REDUCE	1,799	1,575	(12.4)	4,642,893	71,390	2,563	68.2	80.5	94.0	20.2	18.0	16.8	26.4	22.4	19.1	—	—	—	4.5	3.9	3.4	18.2	18.6	18.8	0.7	0.9	1.0	43.7
ICICI Bank	BUY	272	370	36.2	1,743,587	26,810	6,408	13.4	21.4	25.2	(12.4)	59.7	17.7	20.3	12.7	10.8	—	—	—	2.0	1.7	1.5	8.4	12.3	13.1	1.0	1.6	1.9	60.0
IDFC Bank	ADD	57	70	23.6	192,711	2,963	3,399	3.0	3.7	4.8	(1.5)	26.0	29.6	19.2	15.2	11.7	—	—	—	1.2	1.2	1.1	6.7	7.9	9.6	1.0	1.3	1.7	9.9
IndusInd Bank	REDUCE	1,689	1,670	(1.1)	1,011,265	15,549	598	58.6	68.7	81.0	22.2	17.3	17.8	28.8	24.6	20.9	—	—	—	4.4	3.9	3.4	16.4	16.4	16.8	—	0.5	0.6	28.5
J&K Bank	BUY	75	100	34.0	41,542	639	521	10.5	14.9	15.7	133.6	41.2	5.8	7.1	5.0	4.7	—	—	—	0.9	0.7	0.6	9.3	12.1	11.7	3.0	4.2	4.4	0.6
Karur Vysya Bank	ADD	143	140	(2.4)	86,658	1,332	709	8.7	11.9	15.5	(12.8)	37.3	30.5	16.5	12.0	9.2	—	—	—	1.9	1.7	1.4	10.9	13.0	15.3	1.5	2.1	2.7	3.5
Punjab National Bank	ADD	132	170	28.4	281,637	4,331	2,128	11.6	20.1	22.0	85.6	73.8	9.6	11.5	6.6	6.0	—	—	—	1.7	1.0	0.8	6.3	10.1	10.2	1.9	3.3	3.6	20.1
RBL Bank	SELL	513	390	(23.9)	211,794	3,257	408	14.7	18.7	24.9	23.5	27.6	33.0	34.9	27.4	20.6	—	—	—	3.3	3.1	2.8	11.0	11.2	13.4	0.4	0.6	0.7	16.8
State Bank of India	BUY	251	350	39.2	2,169,666	33,361	8,632	13.0	29.3	46.4	(1.3)	125.6	58.5	19.4	8.6	5.4	—	—	—	1.7	1.4	1.1	5.3	10.3	14.5	1.1	1.2	1.3	62.9
Ujjivan Financial Services	BUY	327	400	22.2	39,210	603	119	1.0	17.1	23.4	(94.0)	1,544.6	37.0	315.7	19.2	14.0	—	—	—	2.3	2.0	1.8	0.7	11.0	13.5	0.0	0.5	0.8	13.0
Union Bank	ADD	126	150	19.1	91,494	1,407	726	(19.6)	25.3	30.8	(342.6)	228.9	21.9	(6.4)	5.0	4.1	—	—	—	1.8	1.1	0.7	(6.8)	8.7	9.7	—	3.0	3.7	8.2
YES Bank	SELL	359	304	(15.4)	823,188	12,658	2,282	14.8	17.1	19.9	1.4	15.3	16.9	24.3	21.1	18.0	—	—	—	3.4	3.0	2.7	14.4	14.8	15.3	0.7	0.8	0.9	67.4
Banks	**Attractive**				**13,649,848**	**209,884**					**19.2**	**67.2**	**28.4**	**22.9**	**13.7**	**10.7**				**1.7**	**1.6**	**1.4**	**7.6**	**11.5**	**13.1**	**0.8**	**1.1**	**1.3**	**471.7**
NBFCs																													
Bajaj Finserv	ADD	5,252	4,700	(10.5)	835,687	12,850	159	184.2	220.6	266.4	20.2	19.8	20.8	28.5	23.8	19.7	—	—	—	4.0	3.5	3.0	16.1	15.7	16.3	0.3	0.3	0.3	18.2
Bharat Financial Inclusion	REDUCE	968	790	(18.4)	133,662	2,055	138	33.6	51.3	63.6	59.9	52.8	24.0	28.8	18.9	15.2	—	—	—	4.6	3.7	3.0	17.3	21.7	21.6	—	—	—	34.4
Cholamandalam	ADD	1,093	1,250	14.4	170,778	2,626	156	56.3	68.8	80.7	22.5	22.1	17.4	19.4	15.9	13.5	—	—	—	3.6	3.1	2.6	18.7	19.3	19.1	0.5	0.6	0.7	4.2
HDFC	ADD	1,752	1,800	2.8	2,791,225	42,919	1,589	54.5	63.1	73.1	9.9	15.8	15.9	32.2	27.8	24.0	—	—	—	5.9	4.8	4.3	19.4	19.2	18.8	1.1	1.3	1.5	80.0
ICICI Prudential Life	REDUCE	399	435	8.9	573,166	8,813	1,435	12.4	12.1	12.4	5.9	(2.6)	2.2	32.2	33.0	32.3	—	—	—	8.1	7.3	6.7	26.3	23.2	21.7	1.6	1.5	1.6	8.8
IIFL Holdings	REDUCE	625	510	(18.4)	199,044	3,061	318	25.6	29.8	34.7	18.6	16.5	16.5	24.4	21.0	18.0	—	—	—	4.0	3.5	3.0	22.0	23.1	23.5	0.9	1.0	1.2	2.5
L&T Finance Holdings	SELL	193	165	(14.7)	352,319	5,417	1,895	6.7	8.8	9.8	21.0	32.4	11.6	29.0	21.9	19.7	—	—	—	4.1	3.6	3.2	14.9	17.6	17.3	1.0	1.1	1.1	20.8
LIC Housing Finance	REDUCE	649	690	6.4	327,274	5,032	505	45.9	55.7	66.8	8.5	21.5	19.9	14.1	11.6	9.7	—	—	—	2.3	1.9	1.6	19.2	19.9	20.2	1.0	1.3	1.5	19.3
Mahindra & Mahindra Financial	SELL	416	325	(21.9)	236,578	3,638	565	16.1	19.3	22.9	127.4	19.6	19.1	25.8	21.6	18.1	—	—	—	3.6	3.3	3.0	13.5	14.8	16.1	1.3	1.6	1.9	14.3
Max Financial Services	ADD	588	600	2.1	157,783	2,426	267	6.0	6.4	6.4	4.0	7.0	0.5	98.1	91.7	91.2	—	—	—	—	—	—	8.6	8.7	8.4	0.4	0.4	0.4	11.9
Muthoot Finance	ADD	477	500	4.8	190,693	2,932	400	33.2	37.6	43.1	12.5	13.0	14.9	14.4	12.7	11.1	—	—	—	2.5	2.2	1.9	18.9	18.5	18.4	1.4	1.6	1.8	6.3
PFC	REDUCE	125	145	16.1	329,746	5,070	2,640	18.2	23.9	26.1	125.2	31.6	9.1	6.9	5.2	4.8	—	—	—	1.4	1.0	0.9	12.6	15.2	15.0	4.4	5.7	6.3	11.4
PNB Housing Finance	SELL	1,512	1,170	(22.6)	251,887	3,873	168	43.4	54.4	67.5	37.5	25.5	24.1	34.9	27.8	22.4	—	—	—	4.2	3.8	3.5	12.4	14.3	16.0	0.6	0.8	1.0	5.3
Rural Electrification Corp.	REDUCE	154	170	10.4	304,137	4,676	1,975	25.5	21.6	24.5	(19.4)	(15.2)	13.4	6.0	7.1	6.3	—	—	—	1.1	1.0	0.9	14.3	11.0	11.5	3.5	3.0	3.4	18.4
Shriram City Union Finance	SELL	2,090	1,850	(11.5)	137,830	2,119	66	122.7	149.6	178.4	45.7	21.9	19.2	17.0	14.0	11.7	—	—	—	2.5	2.2	1.9	15.1	16.0	16.6	0.7	0.9	1.0	1.5
Shriram Transport	REDUCE	1,057	1,050	(0.7)	239,906	3,689	227	66.2	83.1	100.3	19.5	25.6	20.6	16.0	12.7	10.5	—	—	—	2.0	1.8	1.6	12.6	14.1	15.1	0.9	1.1	1.3	16.6
NBFCs	**Neutral**				**7,231,716**	**111,197**					**17.5**	**16.2**	**15.4**	**20.5**	**17.6**	**15.3**				**3.2**	**2.8**	**2.5**	**15.7**	**15.9**	**16.3**	**1.2**	**1.4**	**1.5**	**471.7**

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs) 05-Oct-17	Target price (Rs)	Upside (%)	Mkt cap. (Rs mn)	Mkt cap. (US$ mn)	O/S shares (mn)	EPS (Rs) 2018E	EPS (Rs) 2019E	EPS (Rs) 2020E	EPS growth (%) 2018E	EPS growth (%) 2019E	EPS growth (%) 2020E	PER (X) 2018E	PER (X) 2019E	PER (X) 2020E	EV/EBITDA (X) 2018E	EV/EBITDA (X) 2019E	EV/EBITDA (X) 2020E	Price/BV (X) 2018E	Price/BV (X) 2019E	Price/BV (X) 2020E	RoE (%) 2018E	RoE (%) 2019E	RoE (%) 2020E	Dividend yield (%) 2018E	Dividend yield (%) 2019E	Dividend yield (%) 2020E	ADVT-3mo (US$ mn)
Cement																													
ACC	SELL	1,700	1,500	(11.8)	319,267	4,909	188	46.4	69.8	99.7	35.0	50.6	42.8	36.7	24.4	17.1	19.5	13.6	9.6	3.5	3.2	2.8	9.8	13.6	17.3	1.0	1.0	1.0	13.7
Ambuja Cements	REDUCE	274	250	(8.8)	544,563	8,373	1,986	7.8	11.4	14.5	33.9	46.2	27.7	35.3	24.2	18.9	12.3	8.7	6.6	2.7	2.5	2.3	7.7	10.7	12.5	1.1	1.1	1.1	9.2
Dalmia Bharat	ADD	2,755	2,780	0.9	245,101	3,769	89	109.4	151.7	180.1	181.9	38.6	18.8	25.2	18.2	15.3	10.4	8.1	6.7	3.8	3.1	2.6	16.9	18.8	18.6	0.1	0.1	0.1	5.0
Grasim Industries	ADD	1,161	1,255	8.1	762,934	11,731	467	87.6	102.8	117.6	29.2	17.3	14.4	13.2	11.3	9.9	8.3	6.6	5.2	1.5	1.4	1.2	12.3	12.8	13.0	0.5	0.5	0.5	29.1
India Cements	SELL	182	175	(4.0)	56,176	864	308	7.9	11.9	15.1	39.7	49.7	27.0	NM	15.4	12.1	8.7	7.0	5.9	1.1	1.0	0.9	4.7	6.7	7.9	0.6	0.6	0.6	14.3
J K Cement	REDUCE	973	1,085	11.5	68,026	1,046	70	66.6	92.4	113.0	92.7	38.7	22.3	14.6	10.5	8.6	9.4	7.5	6.2	3.2	2.5	2.0	23.8	26.4	25.5	0.8	0.8	0.8	0.5
JK Lakshmi Cement	ADD	394	555	40.8	46,368	713	118	21.2	43.1	57.2	204.5	103.7	32.6	18.6	9.1	6.9	8.4	5.5	4.2	2.9	2.2	1.7	16.5	27.2	27.7	0.5	0.5	0.5	0.8
Orient Cement	ADD	155	180	16.4	31,693	487	205	8.9	12.9	17.0	668.3	45.2	31.5	17.4	12.0	9.1	8.7	7.0	5.7	2.8	2.4	1.9	17.3	21.5	23.4	1.2	1.3	1.5	1.0
Shree Cement	SELL	18,792	14,000	(25.5)	654,645	10,066	35	599.4	690.6	894.9	56.0	15.2	29.6	31.4	27.2	21.0	18.9	15.1	11.7	6.8	5.5	4.4	24.0	22.2	23.1	0.1	0.1	0.1	5.1
UltraTech Cement	SELL	3,894	2,950	(24.3)	1,069,144	16,439	275	130.8	162.7	192.4	36.0	24.3	18.3	29.8	23.9	20.2	16.7	13.6	11.4	3.9	3.4	2.9	14.0	15.3	15.6	0.3	0.3	0.3	14.0
Cement	**Cautious**				**3,797,918**	**58,398**					**46.6**	**28.5**	**22.6**	**26.6**	**20.7**	**16.9**	**12.6**	**9.8**	**7.8**	**3.2**	**2.8**	**2.4**	**12.1**	**13.6**	**14.5**	**0.4**	**0.4**	**0.4**	**92.7**
Consumer products																													
Asian Paints	REDUCE	1,153	1,000	(13.3)	1,106,195	17,009	959	21.9	25.8	30.0	9.2	17.9	16.1	52.7	44.7	38.5	32.9	27.6	23.7	13.1	11.8	10.7	26.1	27.8	29.2	1.0	1.2	1.4	16.7
Bajaj Corp.	ADD	393	460	16.9	58,019	892	148	16.9	19.4	21.5	7.1	14.5	11.3	23.3	20.3	18.3	20.1	16.8	14.2	11.3	10.7	10.1	49.5	54.2	57.0	3.3	3.7	4.1	0.6
Britannia Industries	ADD	4,365	4,300	(1.5)	524,058	8,058	120	88.5	110.0	132.0	20.0	24.4	20.0	49.3	39.7	33.1	32.6	26.3	21.9	15.6	12.4	10.1	35.0	34.8	33.6	0.6	0.7	1.0	9.5
Coffee Day Enterprises	BUY	215	290	35.2	44,187	679	206	5.8	9.8	14.1	158.2	69.7	43.9	37.1	21.8	15.2	11.3	10.0	8.7	1.9	1.7	1.6	5.2	8.3	10.8	—	—	—	0.5
Colgate-Palmolive (India)	ADD	1,088	1,200	10.3	295,934	4,550	272	24.5	29.9	35.6	18.8	22.1	19.0	44.4	36.3	30.5	26.1	21.5	18.3	19.5	16.4	13.8	47.8	49.0	49.0	1.2	1.5	1.7	5.6
Dabur India	REDUCE	316	300	(5.2)	557,257	8,569	1,762	7.7	8.8	9.9	7.4	13.9	13.3	41.1	36.1	31.9	35.4	30.7	26.6	10.1	8.9	7.9	26.1	26.1	26.2	1.0	1.2	1.4	5.8
GlaxoSmithKline Consumer	ADD	4,994	5,750	15.1	210,038	3,230	42	158.0	180.3	200.7	1.2	14.1	11.3	31.6	27.7	24.9	21.3	18.0	15.6	6.2	5.7	5.3	20.4	21.4	22.0	1.6	1.8	2.2	0.7
Godrej Consumer Products	SELL	964	820	(14.9)	656,597	10,096	681	21.2	24.5	28.1	10.9	15.3	14.7	45.4	39.4	34.3	32.7	27.8	24.0	10.8	9.3	8.0	25.4	25.4	25.0	0.8	0.8	0.9	12.3
Hindustan Unilever	REDUCE	1,188	1,100	(7.4)	2,570,642	39,527	2,160	23.2	26.7	30.2	18.0	15.4	12.9	51.3	44.4	39.3	35.1	30.5	26.9	37.5	35.6	34.0	75.0	82.2	88.5	1.5	1.8	2.0	23.7
ITC	ADD	265	340	28.2	3,230,826	49,678	12,235	9.2	10.2	11.4	11.0	11.0	12.2	28.9	26.1	23.2	19.2	17.2	15.2	6.7	6.4	6.1	22.0	23.9	26.1	2.2	2.5	2.9	69.7
Jubilant Foodworks	SELL	1,482	1,025	(30.9)	97,808	1,504	66	16.7	26.5	37.7	59.4	58.3	42.3	88.6	55.9	39.3	28.2	21.8	16.8	11.2	10.0	8.7	13.2	19.0	23.8	0.3	0.6	0.8	24.5
Jyothy Laboratories	NR	395	—	—	71,829	1,104	182	10.9	11.4	12.8	67.1	5.0	11.6	36.3	34.6	31.0	26.9	23.7	20.9	6.2	5.9	5.7	17.6	17.6	18.7	1.5	1.8	2.0	0.6
Manpasand Beverages	REDUCE	476	380	(20.2)	54,510	838	114	8.7	11.7	17.0	37.7	34.0	45.1	54.5	40.7	28.0	27.0	18.5	13.6	4.4	4.0	3.5	8.3	10.2	13.4	0.1	0.2	0.3	1.7
Marico	REDUCE	314	290	(7.6)	404,821	6,225	1,291	6.6	7.7	8.6	13.7	15.9	12.1	47.3	40.8	36.4	33.1	28.5	25.0	15.6	14.0	12.7	34.8	36.1	36.5	1.2	1.4	1.7	6.8
Nestle India	REDUCE	7,257	6,100	(15.9)	699,689	10,759	96	123.4	148.3	170.7	17.6	20.1	15.2	58.8	48.9	42.5	32.9	27.8	24.2	21.7	20.4	19.3	38.2	43.0	46.7	1.2	1.4	1.7	5.7
Page Industries	REDUCE	18,533	15,200	(18.0)	206,713	3,178	11	295.1	358.7	440.7	25.7	21.5	22.9	62.8	51.7	42.1	40.5	33.1	27.1	24.9	20.1	16.3	44.0	43.1	42.9	0.7	0.8	1.0	4.1
PC Jeweller	ADD	366	290	(20.8)	139,447	2,144	394	14.0	16.4	18.6	18.8	17.4	13.6	26.2	22.3	19.7	13.1	11.2	9.4	3.4	3.0	2.6	14.4	14.1	14.1	0.2	0.4	0.5	12.5
Pidilite Industries	REDUCE	795	775	(2.5)	407,421	6,265	513	17.9	21.4	25.1	6.8	19.4	17.3	44.3	37.1	31.6	29.7	24.8	20.7	10.1	8.7	7.5	24.5	25.2	25.4	0.8	0.9	1.0	5.6
S H Kelkar and Company	ADD	265	295	11.2	38,375	590	145	8.6	10.1	11.7	19.0	17.1	16.3	30.8	26.3	22.6	18.7	15.9	13.6	4.3	3.9	3.5	14.6	15.4	16.1	0.8	1.0	1.2	0.4
Tata Global Beverages	ADD	209	200	(4.5)	132,190	2,033	631	7.4	8.9	10.5	21.2	21.3	17.1	28.4	23.4	20.0	15.1	12.6	10.7	2.0	1.9	1.8	7.3	8.4	9.4	1.2	1.5	1.7	19.4
Titan Company	SELL	596	470	(21.1)	528,899	8,132	888	12.4	14.6	17.0	38.9	17.7	16.2	48.1	40.8	35.1	32.2	26.8	22.7	10.7	9.2	7.9	23.9	24.1	24.1	0.6	0.8	0.9	16.2
United Breweries	SELL	839	675	(19.6)	221,928	3,412	264	11.9	15.7	19.4	37.4	31.5	23.8	70.3	53.4	43.2	29.4	25.0	21.2	8.6	7.6	6.7	12.8	15.0	16.4	0.2	0.3	0.4	3.1
United Spirits	REDUCE	2,396	2,400	0.2	348,169	5,354	145	34.8	55.4	72.3	27.2	59.4	30.4	68.9	43.2	33.2	36.2	26.1	20.7	11.8	8.2	6.2	20.7	22.4	21.3	—	—	—	16.7
Varun Beverages	BUY	516	580	12.3	94,263	1,449	182	12.0	15.2	19.8	39.0	27.3	29.7	43.2	33.9	26.1	13.5	11.6	10.1	4.5	3.9	3.5	10.9	12.3	14.1	—	—	—	1.0
Consumer products	**Cautious**				**12,699,816**	**195,276**					**15.0**	**16.3**	**15.0**	**41.2**	**35.4**	**30.8**	**26.6**	**22.8**	**19.8**	**10.2**	**9.3**	**8.4**	**24.8**	**26.1**	**27.3**	**1.3**	**1.6**	**1.8**	**263.4**
Energy																													
BPCL	SELL	480	440	(8.4)	1,041,567	16,015	1,967	34.4	39.3	42.7	(15.9)	14.3	8.7	14.0	12.2	11.2	10.1	8.7	7.9	2.8	2.4	2.1	21.3	21.2	20.2	2.1	2.5	2.7	35.0
Castrol India	ADD	355	450	26.8	175,544	2,699	495	13.4	15.0	16.7	(0.3)	12.0	11.7	26.6	23.7	21.2	17.0	15.1	13.5	29.2	28.0	25.8	110.4	120.4	126.5	3.1	3.4	3.7	4.5
GAIL (India)	BUY	431	440	2.1	728,783	11,206	1,691	25.9	28.7	31.3	15.7	11.0	9.1	16.7	15.0	13.8	10.4	9.6	8.8	1.8	1.7	1.6	11.1	11.5	11.8	2.1	2.3	2.6	22.9
GSPL	ADD	196	190	(2.9)	110,357	1,697	564	11.3	12.0	13.2	28.3	6.0	10.4	17.3	16.3	14.8	8.7	8.0	7.1	2.2	2.0	1.9	13.5	12.9	13.2	1.2	1.5	2.7	3.0
HPCL	REDUCE	436	420	(3.6)	663,853	10,208	1,524	34.5	33.5	35.2	(19.9)	(3.0)	5.1	12.6	13.0	12.4	9.2	9.5	9.3	2.8	2.5	2.2	23.9	20.2	18.7	2.4	2.3	2.4	37.4
Indraprastha Gas	SELL	1,438	1,070	(25.6)	201,285	3,095	140	55.2	60.9	67.2	27.5	10.3	10.4	26.0	23.6	21.4	16.0	14.5	13.0	5.9	5.1	4.6	24.4	23.2	22.6	0.9	1.2	1.5	10.4
IOCL	REDUCE	406	435	7.2	1,970,769	30,303	4,739	37.5	40.6	42.1	(31.3)	8.1	3.8	10.8	10.0	9.6	6.2	5.7	5.4	1.7	1.6	1.4	16.9	16.5	15.6	3.6	3.5	3.6	34.5
Mahanagar Gas	SELL	1,092	785	(28.1)	107,841	1,658	99	47.9	47.5	46.8	20.2	(0.9)	(1.4)	22.8	23.0	23.3	13.3	13.3	13.3	5.2	4.8	4.4	24.2	21.7	19.7	1.9	2.2	2.1	4.1
ONGC	ADD	171	190	11.0	2,197,050	33,782	12,833	14.9	19.6	22.0	(11.6)	31.5	12.2	11.5	8.7	7.8	4.8	3.9	3.5	0.9	0.9	0.8	8.4	10.4	11.0	2.9	3.8	4.4	22.5
Oil India	SELL	350	270	(22.8)	264,622	4,069	757	22.8	28.2	30.5	(24.6)	23.4	8.3	15.3	12.4	11.5	8.6	7.0	6.5	0.9	0.9	0.9	6.0	7.4	7.7	2.9	3.6	3.9	3.6
Petronet LNG	BUY	239	245	2.7	357,750	5,501	1,500	13.2	15.2	17.3	16.1	14.7	14.4	18.1	15.7	13.8	11.0	9.4	8.0	4.0	3.4	3.0	23.8	23.4	23.3	1.5	1.9	2.6	15.3
Reliance Industries	REDUCE	824	785	(4.8)	4,877,320	74,995	5,918	48.0	53.0	60.3	(5.0)	10.3	13.9	17.2	15.6	13.7	12.1	8.9	7.6	1.7	1.6	1.4	9.6	9.8	10.4	0.8	1.0	1.1	111.4
Energy	**Attractive**				**12,696,741**	**195,228**					**(13.8)**	**14.3**	**10.2**	**14.4**	**12.6**	**11.5**	**8.5**	**7.0**	**6.2**	**1.6**	**1.5**	**1.4**	**11.3**	**11.9**	**12.1**	**1.9**	**2.2**	**2.5**	**304.4**

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs) 05-Oct-17	Target price (Rs)	Upside (%)	Mkt cap. (Rs mn)	Mkt cap. (US$ mn)	O/S shares (mn)	EPS (Rs) 2018E	EPS (Rs) 2019E	EPS (Rs) 2020E	EPS growth (%) 2018E	EPS growth (%) 2019E	EPS growth (%) 2020E	PER (X) 2018E	PER (X) 2019E	PER (X) 2020E	EV/EBITDA (X) 2018E	EV/EBITDA (X) 2019E	EV/EBITDA (X) 2020E	Price/BV (X) 2018E	Price/BV (X) 2019E	Price/BV (X) 2020E	RoE (%) 2018E	RoE (%) 2019E	RoE (%) 2020E	Dividend yield (%) 2018E	Dividend yield (%) 2019E	Dividend yield (%) 2020E	ADVT-3mo (US$ mn)
Industrials																													
ABB	SELL	1,388	1,160	(16.4)	294,118	4,522	212	23.3	32.9	44.5	32.0	41.2	35.3	59.5	42.2	31.2	33.3	25.6	19.4	8.2	7.2	6.1	14.4	18.2	21.3	0.5	0.6	0.6	2.3
BHEL	SELL	84	71	(14.7)	307,113	4,722	3,671	2.1	4.8	6.4	52.5	134.6	31.9	40.6	17.3	13.1	18.9	7.7	5.2	0.9	0.9	0.9	2.3	5.3	6.7	0.6	1.5	2.0	11.5
Carborundum Universal	SELL	316	290	(8.3)	59,659	917	189	11.4	14.7	17.9	22.8	28.9	21.8	27.7	21.5	17.7	17.5	13.5	11.0	3.9	3.5	3.1	14.8	17.2	18.6	1.1	1.4	1.7	0.8
CG Power and Industrial	REDUCE	80	77	(4.2)	50,390	775	627	2.0	4.3	6.6	(32.4)	114.2	54.3	40.4	18.9	12.2	13.3	8.6	6.3	1.4	1.4	1.3	3.2	7.3	10.9	(1.9)	(0.5)	1.6	3.0
Crompton Greaves Consumer	SELL	216	210	(2.6)	135,189	2,079	627	5.6	6.6	7.9	19.1	19.3	19.6	38.7	32.5	27.1	23.9	20.2	17.1	16.0	11.0	8.5	50.3	40.3	35.2	0.7	0.9	1.2	2.7
Cummins India	SELL	920	830	(9.8)	254,982	3,921	277	28.4	32.2	36.5	8.2	13.3	13.2	32.4	28.6	25.2	29.2	24.8	21.7	6.3	5.8	5.4	20.2	21.2	22.2	1.7	1.9	2.1	4.7
Havells India	SELL	506	410	(19.0)	316,575	4,868	625	9.9	13.1	16.0	4.0	33.1	21.3	51.3	38.5	31.7	30.4	23.1	19.2	8.8	8.0	7.2	18.0	21.7	23.9	0.8	1.2	1.6	8.9
Kalpataru Power Transmission	BUY	370	415	12.3	56,704	872	153	16.3	23.7	33.2	14.8	45.4	39.8	22.6	15.6	11.1	8.3	7.1	5.7	2.2	1.9	1.7	10.0	13.2	16.2	0.5	0.5	0.5	1.1
KEC International	ADD	311	315	1.4	79,890	1,228	257	15.5	20.2	24.2	31.0	30.3	19.6	20.0	15.4	12.8	9.9	8.3	7.1	4.2	3.4	2.8	22.8	24.3	23.7	0.7	0.9	1.1	3.9
L&T	ADD	1,132	1,300	14.8	1,585,558	24,380	1,399	50.6	61.2	73.1	19.6	21.0	19.5	22.4	18.5	15.5	19.1	16.0	14.4	3.1	2.8	2.6	14.5	16.1	17.5	1.6	1.9	2.3	38.5
Siemens	SELL	1,216	1,020	(16.1)	433,113	6,660	356	28.8	36.8	46.2	28.7	27.7	25.3	42.2	33.0	26.4	25.7	19.8	15.6	5.9	5.5	5.1	14.5	17.3	20.1	1.2	1.5	1.9	4.4
Thermax	REDUCE	920	890	(3.2)	109,606	1,685	113	26.5	35.1	42.9	23.9	32.6	22.2	34.7	26.2	21.4	22.4	18.0	15.0	3.8	3.4	3.0	11.3	13.7	15.0	0.7	0.8	0.9	1.0
Voltas	SELL	519	463	(10.7)	171,696	2,640	331	17.4	18.0	20.7	13.5	3.1	15.5	29.8	28.9	25.0	24.1	20.4	17.6	4.6	4.1	3.7	16.3	14.9	15.4	0.7	0.9	1.0	10.9
Industrials	**Cautious**				**3,854,594**	**59,269**					**19.8**	**30.3**	**22.6**	**29.7**	**22.8**	**18.6**	**20.3**	**15.9**	**13.6**	**3.2**	**3.0**	**2.7**	**10.9**	**13.1**	**14.6**	**1.2**	**1.5**	**1.8**	**93.8**
Infrastructure																													
Adani Port and SEZ	ADD	386	405	4.9	799,180	12,288	2,071	16.9	21.3	22.2	(10.6)	26.2	4.1	22.9	18.1	17.4	15.1	12.3	11.6	3.9	3.3	2.9	18.4	19.9	17.8	0.6	0.9	1.0	21.0
Ashoka Buildcon	BUY	195	265	35.9	36,503	561	188	13.3	15.4	17.3	35.5	15.7	12.4	14.7	12.7	11.3	10.6	8.8	8.1	1.8	1.6	1.4	12.7	13.2	13.4	1.1	1.3	1.4	0.8
Container Corporation	REDUCE	1,323	1,160	(12.3)	322,378	4,957	244	38.5	44.3	53.1	18.1	15.1	19.8	34.4	29.9	24.9	18.2	15.2	12.2	3.5	3.3	3.1	10.3	11.2	12.7	1.6	1.9	2.2	8.7
Gateway Distriparks	BUY	241	265	9.9	26,220	403	109	7.1	11.1	15.8	4.4	57.5	42.7	34.2	21.7	15.2	26.1	20.9	16.6	2.5	2.3	2.1	7.4	10.9	14.3	0.9	1.4	2.0	1.2
Gujarat Pipavav Port	REDUCE	142	150	6.0	68,407	1,052	483	5.6	6.7	7.9	7.4	20.7	18.6	25.5	21.1	17.8	14.0	11.8	10.0	3.3	3.2	3.0	13.1	15.2	17.4	3.0	3.6	4.2	1.5
IRB Infrastructure	BUY	210	255	21.6	73,681	1,133	351	28.4	30.7	28.1	39.4	8.2	(8.7)	7.4	6.8	7.5	6.7	5.3	5.1	1.2	1.0	0.9	17.2	15.7	12.4	—	—	—	7.6
Sadbhav Engineering	ADD	290	320	10.5	49,670	764	172	15.4	18.7	15.9	41.0	21.2	(15.1)	18.7	15.5	18.2	14.3	12.1	10.5	2.6	2.3	2.0	14.9	15.7	11.7	—	—	—	0.6
Infrastructure	**Attractive**				**1,376,039**	**21,158**					**2.9**	**21.2**	**5.2**	**21.9**	**18.0**	**17.1**	**13.5**	**11.1**	**10.3**	**3.2**	**2.8**	**2.5**	**14.6**	**15.5**	**14.6**	**0.9**	**1.2**	**1.4**	**41.5**
Internet																													
Info Edge	ADD	1,059	1,015	(4.2)	128,539	1,976	121	21.8	26.4	31.5	29.2	20.9	19.5	48.6	40.2	33.6	34.4	27.8	22.8	5.9	5.4	4.8	12.7	14.0	15.1	0.5	0.6	0.7	1.9
Just Dial	REDUCE	394	390	(1.0)	27,416	422	70	15.3	17.8	19.6	(12.6)	16.6	10.2	25.8	22.2	20.1	13.3	10.4	8.6	2.7	2.5	2.2	11.1	11.7	11.7	—	0.5	0.5	16.4
Internet	**Attractive**				**155,955**	**2,398**					**13.6**	**19.6**	**16.9**	**42.1**	**35.2**	**30.1**	**28.8**	**23.2**	**19.2**	**4.9**	**4.5**	**4.0**	**11.7**	**12.7**	**13.3**	**0.5**	**0.6**	**0.7**	**18.3**
Media																													
DB Corp.	REDUCE	376	390	3.7	69,159	1,063	184	22.8	28.4	31.7	11.3	24.5	11.5	16.5	13.2	11.9	9.1	7.3	6.3	4.0	3.6	3.3	25.2	28.5	29.1	3.5	4.3	5.3	0.4
DishTV	ADD	71	88	23.2	76,164	1,171	1,066	0.7	1.7	2.4	(27.8)	134.4	36.6	NM	41.2	30.1	8.3	7.0	6.1	13.4	10.1	7.6	14.9	28.0	28.7	—	—	—	4.5
Jagran Prakashan	REDUCE	176	200	13.5	57,618	886	311	13.2	15.3	17.4	23.7	16.3	13.8	13.4	11.5	10.1	7.3	6.3	5.4	2.8	2.6	2.4	19.9	23.3	24.3	4.5	4.8	5.1	1.0
PVR	REDUCE	1,293	1,225	(5.3)	60,454	930	47	33.0	45.7	56.0	54.4	38.4	22.4	39.2	28.3	23.1	15.5	12.6	10.8	5.5	4.7	4.0	14.9	17.9	18.6	0.3	0.4	0.4	4.7
Sun TV Network	ADD	781	820	5.0	307,682	4,731	394	28.4	35.0	40.3	8.8	23.1	15.2	27.4	22.3	19.4	19.0	15.2	12.9	7.4	6.6	5.9	28.0	31.4	32.4	2.2	2.4	2.8	17.4
Zee Entertainment Enterprises	BUY	522	570	9.2	501,258	7,707	960	15.8	19.7	23.0	13.1	25.1	16.7	33.1	26.5	22.7	20.9	17.3	14.6	6.4	5.4	4.7	20.9	22.1	22.1	0.7	0.9	1.1	18.3
Media	**Attractive**				**1,072,336**	**16,489**					**11.9**	**26.3**	**16.4**	**29.0**	**23.0**	**19.7**	**15.5**	**12.8**	**11.0**	**6.2**	**5.4**	**4.7**	**21.3**	**23.4**	**23.8**	**1.4**	**1.6**	**1.9**	**46.4**
Metals & Mining																													
Coal India	ADD	273	260	(4.8)	1,696,175	26,081	6,207	19.5	22.6	24.3	30.7	15.9	7.7	14.0	12.1	11.2	9.8	8.5	8.1	5.6	5.1	4.7	41.1	44.1	43.9	5.0	5.8	6.2	19.7
Hindalco Industries	BUY	241	290	20.5	540,149	8,305	2,227	18.4	25.6	29.3	115.5	38.9	14.4	13.0	9.4	8.2	7.2	5.8	4.9	1.0	0.9	0.8	8.4	10.5	10.8	0.4	0.4	0.4	36.4
Hindustan Zinc	REDUCE	313	280	(10.4)	1,320,835	20,310	4,225	23.7	26.3	25.8	20.6	10.8	(2.0)	13.2	11.9	12.1	8.8	7.3	6.7	3.5	3.0	2.6	29.5	27.2	22.8	2.3	2.5	2.5	9.3
Jindal Steel and Power	BUY	148	170	15.2	135,058	2,077	915	(8.8)	4.4	13.0	58.0	150.0	196.3	(16.9)	33.8	11.4	8.6	6.6	5.7	0.5	0.5	0.4	(2.7)	1.4	3.9	—	—	—	23.3
JSW Steel	ADD	249	235	(5.6)	602,009	9,257	2,417	17.6	20.6	23.0	20.9	16.8	11.7	14.1	12.1	10.8	7.9	7.4	7.0	2.2	1.9	1.7	16.9	17.1	16.5	0.9	0.9	0.9	17.5
National Aluminium Co.	ADD	80	86	8.2	153,668	2,363	1,933	5.9	6.8	7.6	60.8	14.9	11.8	13.5	11.7	10.5	6.0	4.9	4.0	1.4	1.3	1.1	10.7	11.2	11.4	1.3	1.3	1.3	6.0
NMDC	SELL	119	110	(7.8)	377,294	5,801	3,164	10.6	9.6	10.3	30.1	(9.7)	6.8	11.2	12.4	11.6	7.1	8.1	7.5	1.6	1.5	1.5	14.6	12.5	12.8	4.6	4.6	4.6	6.7
Tata Steel	ADD	661	770	16.5	641,974	9,871	971	56.6	65.6	74.4	36.8	16.0	13.3	11.7	10	8.9	7.1	6.6	6.0	1.8	1.6	1.4	15.6	17.0	16.8	1.5	1.5	1.5	49.3
Vedanta	BUY	318	365	14.6	1,183,555	18,199	3,717	30.2	42.9	46.2	53.3	42.2	7.7	10.5	7.4	6.9	7.1	5.5	4.9	1.8	1.6	1.4	17.6	22.4	21.3	2.8	4.0	4.4	50.2
Metals & Mining	**Attractive**				**6,650,715**	**102,263**					**42.5**	**23.5**	**8.7**	**13.1**	**10.6**	**9.7**	**7.8**	**6.6**	**6.0**	**2.1**	**1.9**	**1.7**	**16.3**	**18.1**	**17.6**	**2.8**	**3.2**	**3.4**	**218.3**
Pharmaceutical																													
Apollo Hospitals	REDUCE	1,081	1,050	(2.8)	150,332	2,312	139	21.8	31.2	39.5	37.2	43.2	26.5	49.6	34.6	27.4	21.2	17.6	14.8	3.9	3.6	3.3	8.0	10.7	12.5	0.5	0.7	0.9	6.5
Aurobindo Pharma	ADD	742	760	2.4	434,842	6,686	584	45.2	50.6	50.9	14.6	12.0	0.6	16.4	14.7	14.6	10.9	9.4	8.8	3.7	3.0	2.5	24.8	22.3	17.0	0.3	0.4	0.5	33.2
Biocon	SELL	344	230	(33.1)	206,370	3,173	601	7.6	9.6	15.3	(25.6)	26.9	58.4	45.3	35.7	22.5	20.3	15.8	11.1	3.7	3.4	3.1	8.5	10.0	14.5	0.8	1.0	1.6	19.6
Cipla	BUY	585	650	11.0	471,023	7,243	805	23.1	33.0	39.8	84.5	43.3	20.5	25.4	17.7	14.7	15.3	11.1	9.2	3.3	2.9	2.5	13.6	17.2	18.1	0.8	1.2	1.4	11.6
Dr Lal Pathlabs	REDUCE	773	880	13.9	64,395	990	83	20.9	28.4	—	9.4	36.1	(100.0)	37.0	27.2	-	22.2	15.9	—	8.0	5.5	—	23.8	22.3	—	0.4	0.6	—	1.5
Dr Reddy's Laboratories	SELL	2,389	2,250	(5.8)	396,102	6,091	166	77.4	124.3	167.8	6.8	60.7	35.0	30.9	19.2	14.2	16.5	9.7	7.1	2.9	2.6	2.3	9.9	14.4	15.8	0.5	0.8	1.1	33.6
HCG	BUY	266	310	16.4	22,821	351	85	1.9	3.8	6.8	(26.6)	99.6	78.9	139.1	69.7	38.9	22.3	16.6	13.5	5.0	4.7	4.2	3.7	7.0	11.4	—	—	—	0.5
Laurus Labs	ADD	534	570	6.7	56,511	869	106	20.8	29.4	41.0	15.3	41.4	39.5	25.7	18.2	13.0	14.0	10.6	8.2	3.6	3.0	2.5	15.2	18.2	20.8	—	—	—	0.9
Lupin	ADD	1,029	1,020	(0.9)	464,990	7,150	450	43.1	56.8	64.3	(24.2)	31.8	13.2	23.9	18.1	16.0	13.0	9.9	8.6	3.1	2.7	2.3	13.5	15.7	15.6	0.6	0.8	0.9	33.6
Sun Pharmaceuticals	REDUCE	514	410	(20.2)	1,232,733	18,955	2,406	15.8	21.4	26.4	(45.3)	35.2	23.6	32.5	24.0	19.4	16.0	12.0	9.8	3.1	2.8	2.5	10.0	12.3	13.6	0.5	0.8	1.0	42.0
Torrent Pharmaceuticals	REDUCE	1,249	1,155	(7.5)	211,368	3,250	169	54.7	62.8	68.6	(0.9)	14.8	9.1	22.8	19.9	18.2	15.0	13.0	11.9	4.2	3.6	3.1	19.7	18.1	17.1	1.0	1.2	1.3	4.0
Pharmaceuticals	**Cautious**				**3,711,487**	**57,069**					**(15.7)**	**32.4**	**18.3**	**27.3**	**20.6**	**17.4**	**15.0**	**11.3**	**9.3**	**3.3**	**2.9**	**2.6**	**12.2**	**14.2**	**14.8**	**0.6**	**0.8**	**1.0**	**187.0**

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs) 05-Oct-17	Target price (Rs)	Upside (%)	Mkt cap. (Rs mn)	Mkt cap. (US$ mn)	O/S shares (mn)	EPS (Rs) 2018E	EPS (Rs) 2019E	EPS (Rs) 2020E	EPS growth (%) 2018E	EPS growth (%) 2019E	EPS growth (%) 2020E	PER (X) 2018E	PER (X) 2019E	PER (X) 2020E	EV/EBITDA (X) 2018E	EV/EBITDA (X) 2019E	EV/EBITDA (X) 2020E	Price/BV (X) 2018E	Price/BV (X) 2019E	Price/BV (X) 2020E	RoE (%) 2018E	RoE (%) 2019E	RoE (%) 2020E	Dividend yield (%) 2018E	Dividend yield (%) 2019E	Dividend yield (%) 2020E	ADVT-3mo (US$ mn)
Real Estate																													
Brigade Enterprises	BUY	246	320	30.0	33,393	513	136	11.1	11.4	12.1	(17.4)	2.1	6.5	22.1	21.7	20.3	10.4	10.9	10.5	1.4	1.4	1.3	7.5	6.5	6.6	1.0	1.0	1.0	0.4
DLF	ADD	171	185	8.3	304,895	4,688	1,784	2.1	2.2	2.7	(45.9)	5.6	23.4	81.2	76.9	62.4	17.8	16.2	16.1	1.2	1.2	1.2	1.5	1.6	2.0	1.2	1.2	1.2	32.0
Godrej Properties	REDUCE	624	330	(47.1)	135,157	2,078	216	4.9	8.4	7.0	(48.5)	71.2	(17.0)	126.9	74.1	89.2	1,062.9	120.9	161.8	6.4	6.1	5.8	5.2	8.4	6.7	—	0.4	0.4	2.4
Oberoi Realty	ADD	420	435	3.7	142,497	2,191	339	27.4	45.9	39.6	145.2	67.6	(13.7)	15.3	9.1	10.6	9.8	8.9	7.6	2.2	1.8	1.5	15.4	21.7	15.7	0.5	0.5	0.5	1.4
Prestige Estates Projects	BUY	279	270	(3.3)	104,756	1,611	375	8.3	10.0	—	(17.7)	21.0	—	33.7	27.8 -		15.6	14.8	14.9	2.2	2.1	—	6.8	7.8	7.8	0.5	0.5	—	1.1
Sobha	ADD	394	440	11.6	37,973	584	96	20.7	18.5	24.4	23.8	(10.5)	31.9	19.1	21.3	16.2	11.8	12.7	10.9	1.4	1.3	1.3	7.4	6.3	8.0	1.8	1.8	1.8	1.7
Sunteck Realty	REDUCE	327	215	(34.2)	41,153	633	126	22.4	19.5	21.1	30.3	(13.0)	8.5	14.6	16.8	15.5	10.7	12.3	11.3	2.0	1.8		14.6	11.3	11.1	—	0.6	0.6	1.4
Real Estate	**Attractive**				**799,825**	**12,298**					**7.6**	**31.3**	**(1.2)**	**34.0**	**25.9**	**26.2**	**16.6**	**15.6**	**15.2**	**1.8**	**1.7**	**1.6**	**5.2**	**6.5**	**6.2**	**0.8**	**0.8**	**0.8**	**40.5**
Technology																													
HCL Technologies	REDUCE	893	900	0.8	1,274,514	19,597	1,400	62.7	65.1	69.0	6.0	3.9	6.0	14.2	13.7	12.9	10.4	9.5	8.7	3.3	3.0	2.8	24.6	23.1	22.3	0.9	3.7	4.1	18.0
Hexaware Technologies	REDUCE	265	250	(5.6)	80,113	1,232	304	15.2	16.7	18.3	10.9	9.8	9.5	17.4	15.9	14.5	11.6	10.1	9.0	4.3	3.8	3.5	25.7	25.5	25.4	3.0	3.0	3.8	4.3
Infosys	NR	903	—	—	2,074,277	31,895	2,175	62.8	64.5	68.2	0.1	2.8	5.7	14.4	14.0	13.2	10.4	9.8	9.0	3.2	3.0	2.8	21.2	22.1	21.8	3.7	4.0	4.3	116.0
L&T Infotech	BUY	805	850	5.6	137,699	2,117	175	61.2	64.4	70.0	9.8	5.2	8.7	13.1	12.5	11.5	9.6	8.2	7.2	3.8	3.3	2.9	31.3	28.3	27.1	3.0	3.5	4.0	0.6
Mindtree	ADD	478	525	9.8	80,422	1,237	164	27.1	34.2	40.0	8.0	26.2	17.1	17.7	14.0	12.0	10.8	7.9	6.5	3.0	2.6	2.3	17.1	20.0	20.4	1.5	1.9	2.3	3.7
Mphasis	SELL	614	530	(13.6)	129,122	1,985	193	41.3	42.3	43.2	7.8	2.4	2.1	14.9	14.5	14.2	10.9	10.1	9.6	2.2	2.1	1.9	13.8	14.7	14.1	3.3	3.3	3.3	0.8
TCS	REDUCE	2,430	2,350	(3.3)	4,787,352	73,612	1,914	133.1	143.3	156.4	(0.3)	7.7	9.1	18.3	17.0	15.5	13.3	12.0	10.9	5.9	5.4	5.0	30.5	33.4	33.5	3.4	3.7	4.0	36.5
Tech Mahindra	ADD	451	450	(0.2)	393,138	6,045	883	32.9	36.6	41.6	2.7	11.4	13.5	13.7	12.3	10.8	8.1	6.6	5.4	2.2	1.9	1.7	16.7	16.6	16.7	2.0	2.0	2.0	15.5
Wipro	REDUCE	284	265	(6.6)	1,380,193	21,222	4,507	17.7	19.6	21.9	1.1	10.7	11.6	16.0	14.5	13.0	10.3	8.9	7.7	2.6	2.3	2.0	16.4	16.7	16.1	0.4	0.5	0.9	15.8
Technology	**Cautious**				**10,336,831**	**158,942**					**(1.5)**	**5.8**	**8.5**	**16.7**	**15.7**	**14.5**	**11.5**	**10.3**	**9.3**	**4.0**	**3.6**	**3.3**	**24.0**	**23.0**	**22.7**	**2.6**	**3.1**	**3.5**	**211.1**
Telecom																													
Bharti Airtel	REDUCE	378	430	13.8	1,509,818	23,215	3,997	2.8	8.5	16.2	(70.7)	204.8	89.9	135.3	44.4	23.4	8.5	7.1	5.8	2.3	2.2	2.1	1.7	5.0	9.1	0.3	0.3	0.7	23.1
Bharti Infratel	REDUCE	405	350	(13.5)	748,444	11,508	1,850	15.8	18.0	19.5	6.6	14.0	8.0	25.6	22.4	20.8	11.2	10.1	9.5	4.8	4.7	4.6	18.7	21.0	22.2	3.0	3.5	3.7	24.5
IDEA	RS	74	—	—	266,005	4,090	3,605	(10.5)	(9.0)	(4.6)	(734.6)	15.1	48.1	(7.0)	(8.2)	(15.9)	11.4	9.0	6.7	1.3	1.5	1.7	(16.7)	(16.7)	(9.9)	—	—	—	18.6
Tata Communications	ADD	698	720	3.1	199,016	3,060	285	13.6	18.8	23.2	29.9	37.5	23.4	51.2	37.2	30.2	11.0	9.7	8.8	10.1	8.0	6.3	21.8	23.9	23.4	0.9	0.9	1.1	6.1
Telecom	**Cautious**				**2,723,283**	**41,874**					**(90.2)**	**542.5**	**123.7**	**432.6**	**67.3**	**30.1**	**9.5**	**7.9**	**6.5**	**2.6**	**2.6**	**2.5**	**0.6**	**3.8**	**8.3**	**1.0**	**1.1**	**1.4**	**72.4**
Utilities																													
Adani Power	SELL	30	26	(14.6)	117,444	1,806	3,857	(0.0)	1.8	4.3	99.3	5,075.4	136.8	(839.9)	16.9	7.1	6.9	6.2	5.2	3.9	3.2	2.2	(0.5)	20.9	36.6	—	—	—	5.7
CESC	ADD	1,004	1,000	(0.3)	133,028	2,045	133	85.2	103.9	112.3	63.4	22.0	8.1	11.8	9.7	8.9	7.9	7.0	6.5	0.9	0.8	0.8	7.6	8.7	8.8	1.2	1.3	1.4	10.7
JSW Energy	ADD	77	67	(12.6)	125,710	1,933	1,640	3.9	6.0	6.4	3.7	52.7	6.4	19.5	12.8	12.0	7.5	6.0	5.7	1.2	1.1	1.1	6.1	9.0	9.1	2.6	2.6	2.6	15.9
NHPC	ADD	28	32	15.7	283,670	4,362	10,259	3.2	3.6	4.1	7.4	13.8	12.8	8.7	7.7	6.8	8.8	6.8	6.2	0.9	0.9	0.9	11.0	12.0	13.0	6.3	7.2	8.1	2.5
NTPC	BUY	171	180	5.4	1,408,325	21,655	8,245	13.8	15.9	17.1	12.1	15.1	7.3	12.4	10.7	10.0	10.4	8.5	7.3	1.4	1.3	1.2	11.4	12.2	12.1	2.4	2.8	3.0	18.4
Power Grid	BUY	205	250	22.0	1,072,214	16,487	5,232	16.5	19.0	21.6	14.6	15.2	14.0	12.4	10.8	9.5	8.2	7.3	6.6	1.9	1.7	1.5	16.2	16.5	16.6	1.6	1.9	2.1	15.3
Reliance Power	SELL	41	38	(6.4)	113,888	1,751	2,805	4.8	5.0	5.8	14.6	4.5	16.7	8.5	8.1	7.0	7.8	7.5	6.8	0.5	0.5	0.4	6.1	6.0	6.6	—	—	—	2.6
Tata Power	REDUCE	79	80	1.3	213,542	3,283	2,800	5.6	6.6	7.6	(12.4)	18.2	15.3	14.2	12.0	10.4	9.8	9.5	9.1	1.7	1.5	1.4	12.6	13.5	13.9	1.5	1.5	1.5	7.4
Utilities	**Attractive**				**3,467,821**	**53,322**					**22.1**	**18.3**	**13.5**	**12.4**	**10.5**	**9.2**	**8.8**	**7.6**	**6.8**	**1.4**	**1.3**	**1.1**	**11.0**	**11.9**	**12.4**	**2.2**	**2.5**	**2.8**	**78.6**
Others																													
Astral Poly Technik	SELL	721	450	(37.6)	86,328	1,327	120	14.4	18.2	22.2	18.7	26.0	22.1	50.0	39.7	32.5	27.7	21.8	17.6	8.5	7.1	5.9	18.6	19.5	19.8	0.1	0.1	0.1	0.8
Avenue Supermarts	SELL	1,104	685	(38.0)	689,270	10,598	624	12.7	16.2	20.0	49.8	27.2	23.5	86.7	68.2	55.2	51.1	39.9	32.4	14.9	12.2	10.0	18.7	19.7	19.9	—	—	—	—
Bayer Cropscience	ADD	3,849	4,900	27.3	136,060	2,092	34	112.9	135.6	169.1	37.2	20.0	24.7	34.1	28.4	22.8	23.4	19.0	15.0	7.2	6.0	5.0	19.9	23.1	24.0	0.6	0.7	0.9	0.9
Cera Sanitaryware	REDUCE	3,286	2,655	(19.2)	42,739	657	13	88.7	106.2	129.0	16.3	19.7	21.5	37.0	31.0	25.5	21.6	18.4	15.0	6.9	5.7	4.7	20.3	20.0	20.1	0.3	0.3	0.2	0.5
Dhanuka Agritech	REDUCE	665	750	12.8	33,263	511	50	26.7	31.1	36.7	11.8	16.5	18.0	24.9	21.4	18.1	17.0	13.5	11.4	5.4	4.6	3.9	23.6	23.3	23.3	1.0	1.2	1.4	0.3
Godrej Industries	RS	586	—	—	196,987	3,029	336	14.6	15.9	19.7	6.8	8.9	24.2	40.2	36.9	29.7	36.1	30.5	33.2	5.4	4.8	4.2	14.4	13.9	15.1	0.3	0.3	0.3	4.5
HSIL	ADD	391	360	(8.0)	28,300	435	72	16.3	21.1	23.8	14.7	29.3	13.1	24.0	18.6	16.4	9.7	8.2	7.5	1.8	1.7	1.6	7.9	9.6	10.0	1.0	1.0	1.0	0.5
InterGlobe Aviation	ADD	1,100	1,400	27.3	397,871	6,118	360	72.1	92.2	112.5	56.5	28.0	22.0	15.3	11.9	9.8	9.4	6.6	4.4	6.5	4.2	2.9	54.2	42.9	35.4	4.8	6.2	7.6	13.1
Kaveri Seed	SELL	518	525	1.3	35,788	550	66	33.9	41.2	46.6	19.2	21.3	13.1	15.3	12.6	11.1	12.7	10.0	8.4	3.7	3.2	2.7	23.5	27.1	26.3	2.0	2.8	3.1	8.0
PI Industries	BUY	739	910	23.2	101,628	1,563	136	32.4	37.8	44.4	(3.3)	16.7	17.5	22.8	19.5	16.6	16.6	13.5	11.4	5.2	4.2	3.5	25.2	23.8	22.9	0.5	0.6	0.7	2.5
Rallis India	ADD	213	260	21.8	41,500	638	194	11.3	14.6	17.1	15.9	29.2	17.5	18.9	14.7	12.5	11.6	8.8	7.4	3.3	2.8	2.4	18.3	20.7	20.9	1.5	1.7	1.9	0.9
SRF	BUY	1,557	1,840	18.2	89,386	1,374	57	88.1	105.4	125.2	(0.4)	19.6	18.7	17.7	14.8	12.4	10.2	8.6	7.4	2.5	2.2	1.9	15.3	16.0	16.5	0.8	0.9	0.9	4.1
Tata Chemicals	ADD	664	650	(2.2)	169,235	2,602	255	44.8	48.8	53.1	33.5	9.0	8.7	14.8	13.6	12.5	8.3	7.3	6.5	1.9	1.8	1.6	14.7	13.5	13.3	1.7	1.7	1.7	9.2
TeamLease Services	ADD	1,610	1,480	(8.1)	27,526	423	17	41.3	53.6	68.0	6.6	29.7	26.8	38.9	30.0	23.7	38.6	29.1	22.2	6.1	5.1	4.2	17.0	18.4	19.3	—	—	—	0.4
UPL	ADD	785	860	9.6	398,657	6,130	507	47.4	56.5	65.4	33.0	19.1	15.8	16.5	13.9	12.0	11.0	9.2	7.9	3.9	3.2	2.7	26.2	25.4	24.2	1.0	1.2	1.4	16.4
Vardhman Textiles	ADD	1,291	1,225	(5.1)	74,112	1,140	55	94.5	120.9	130.8	(17.1)	27.9	8.1	13.7	10.7	9.9	10.3	7.1	6.5	1.5	1.4	1.2	11.6	13.5	13.2	1.5	1.5	2.3	1.1
Whirlpool	SELL	1,332	1,020	(23.4)	168,955	2,598	127	27.5	35.4	44.2	9.5	28.9	24.8	48.5	37.6	30.1	28.4	22.0	17.6	9.6	8.0	6.6	21.4	23.1	24.0	0.3	0.5	0.7	1.2
Others					**2,646,565**	**40,694**					**27.3**	**21.5**	**18.4**	**25.4**	**20.9**	**17.6**	**16.2**	**13.1**	**11.0**	**5.2**	**4.3**	**3.5**	**20.4**	**20.4**	**20.0**	**1.2**	**1.5**	**1.8**	**63.5**
KIE universe					**97,091,846**	**1,491,486**					**6.5**	**25.8**	**16.4**	**21.0**	**16.7**	**14.4**	**11.4**	**9.5**	**8.3**	**2.7**	**2.4**	**2.2**	**12.8**	**14.6**	**15.2**	**1.4**	**1.7**	**1.9**	
KIE universe (ex-energy)					**84,395,105**	**1,296,257**					**12.8**	**28.4**	**17.7**	**22.6**	**17.6**	**14.9**	**12.3**	**10.3**	**9.0**	**3.0**	**2.7**	**2.4**	**13.3**	**15.3**	**16.1**	**1.4**	**1.7**	**1.9**	

Notes:
(a) We have used adjusted book values for banking companies.
(b) 2017 means calendar year 2016, similarly for 2018 and 2019 for these particular companies.

Source: Company, Bloomberg, Kotak Institutional Equities estimates

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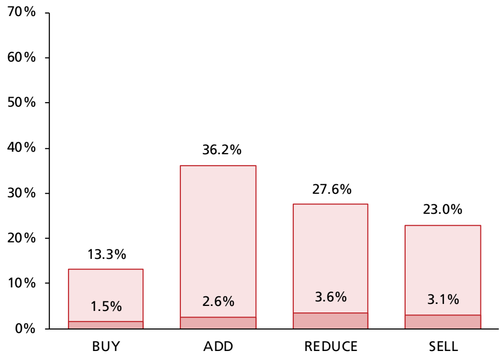

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Source: Kotak Institutional Equities

As of June 30, 2017

Ratings and other definitions/identifiers

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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.

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In case you require any clarification or have any concern, kindly write to us at below email ids:

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