INDIA

April 05, 2019

BSE-30: 38,862

US$/INR: 68.7

March 2019 quarter earnings preview. We expect net income of the KIE coverage universe to increase 56% yoy in 4QFY19, led by the banking sector, which will likely report strong earnings growth due to a low base. Excluding the banking sector, we expect moderate 6% yoy net income growth. We expect robust yoy growth in the net income of (1) banks (strong loan growth and improvement in asset quality further aided by a feeble base quarter), (2) consumer staples (margin expansion) and (3) oil, gas & consumable fuels (elevated marketing margins and decent adventitious gains for downstream companies; weak base quarter for Coal India) sectors. We expect a weak quarter for (1) automobiles (lower sales volumes and margin compression), (2) metals & mining (decline in realizations) and (3) telecom (revenue pressure due to intense competition). We expect net income of the BSE-30 Index to grow 1% yoy while that of Nifty-50 Index to increase 5% yoy excluding banks. We estimate 'EPS' of the BSE-30 Index at ₹2,097 for FY2020 and ₹2,468 for FY2021. Our 'EPS' estimates for Nifty-50 Index for FY2020 and FY2021 are ₹641 and ₹750.

We expect net income of the KIE universe to increase 6% yoy in 4QFY19 excluding banking sector

Sector-wise earnings of the KIE universe

	Sales growth (%)		EBITDA growth (%)		EBITDA margin (%)			PAT growth (%)	
	yoy	qoq	yoy	qoq	Mar-18	Dec-18	Mar-19E	yoy	qoq
Automobiles & Components	(3.5)	4.6	(15.6)	16.4	13.2	10.4	11.6	(27.9)	39.5
Banks	21.7	3.6	—	—	—	—	—	179.2	(1.9)
Building Products	19.1	20.1	19.4	50.8	18.5	14.8	18.6	20.4	52.6
Capital Goods	11.6	28.8	6.5	37.8	13.8	12.3	13.1	6.2	42.6
Commercial & Professional Services	28.0	9.3	24.5	11.3	4.3	4.1	4.1	54.4	7.0
Commodity Chemicals	15.4	(0.1)	18.1	5.4	19.2	18.6	19.7	15.0	3.0
Construction Materials	12.7	12.4	19.3	30.0	17.5	16.1	18.6	13.1	50.6
Consumer Durables & Apparel	12.8	16.6	13.3	30.8	14.2	12.7	14.3	7.7	27.6
Consumer Staples	10.2	3.9	13.5	11.1	25.1	24.2	25.9	13.8	9.4
Diversified Financials	12.7	2.1	—	—	—	—	—	13.9	9.2
Electric Utilities	7.8	1.3	12.2	(1.0)	38.0	40.5	39.6	6.9	3.3
Fertilizers & Agricultural Chemicals	14.1	14.2	19.7	28.5	17.4	16.2	18.2	3.3	47.1
Gas Utilities	22.0	(1.7)	26.0	(7.8)	12.4	13.6	12.8	33.4	(6.9)
Health Care Services	18.2	0.5	33.6	12.1	11.9	12.0	13.4	(1.6)	32.1
Hotels & Restaurants	16.4	(1.0)	70.3	(4.2)	13.5	20.5	19.8	169.3	(7.8)
Internet Software & Services	18.0	2.5	34.7	2.2	23.8	27.3	27.2	404.1	(3.5)
IT Services	17.1	1.0	17.6	(0.9)	23.5	24.1	23.6	13.5	(1.8)
Media	10.7	(3.9)	12.0	(15.6)	30.4	35.0	30.7	(10.8)	(30.1)
Metals & Mining	3.9	3.4	(14.1)	(1.2)	24.6	21.3	20.3	(27.3)	(3.4)
Oil, Gas & Consumable Fuels	24.7	2.4	40.5	31.3	11.3	9.9	12.7	28.1	35.4
Pharmaceuticals	14.1	(0.4)	19.0	(8.7)	19.5	22.2	20.3	12.7	3.1
Real Estate	25.6	19.2	137.6	24.4	14.6	26.5	27.7	67.7	37.6
Retailing	27.4	(9.9)	33.2	0.5	9.6	9.0	10.1	21.3	0.5
Speciality Chemicals	18.4	0.0	22.8	1.3	19.8	20.3	20.5	15.5	(1.5)
Telecommunication Services	2.3	(0.3)	(8.2)	0.4	33.2	29.6	29.8	(146.5)	31.6
Transportation	16.4	0.3	12.9	11.4	21.5	18.8	20.9	9.1	(21.3)
KIE universe	14.0	4.1	12.2	12.5	16.4	14.9	16.1	55.6	12.7
KIE universe (ex-energy)	8.7	5.1	3.2	6.0	19.1	18.1	18.3	68.1	6.6
KIE universe (ex-banks)	13.6	4.1	12.2	12.5	16.4	14.9	16.1	5.9	15.5
KIE universe (ex enegy, ex-banks)	7.6	5.2	3.2	6.0	19.1	18.1	18.3	(1.3)	8.7

Source: Kotak Institutional Equities estimates

Sanjeev Prasad
sanjeev.prasad@kotak.com
Mumbai: +91-22-4336-0830

Sunita Baldawa
sunita.baldawa@kotak.com
Mumbai: +91-22-4336-0896

Anindya Bhowmik
anindya.bhowmik@kotak.com
Mumbai: +91-22-4336-0897

Kotak Institutional Equities Research

Important disclosures appear at the back

TABLE OF CONTENTS

Sector-wise expectations ... 3
Automobiles & Components ... 9
Banks/Diversified financials ... 13
Building products/Capital Goods ... 16
Commercial & Professional Services/Commodity Chemicals ... 18
Construction Materials ... 19
Consumer Durables & Apparel ... 20
Consumer Staples ... 21
Electric Utilities ... 23
Fertilizers & Agricultural Chemicals ... 24
Gas Utilities ... 25
Health Care Services ... 26
Hotels & Restaurants/Internet Software & Services ... 27
IT Services ... 28
Media ... 29
Metals & Mining ... 30
Oil, Gas & Consumable Fuels ... 32
Pharmaceuticals ... 33
Real Estate ... 34
Retailing/Speciality Chemicals ... 35
Telecommunication Services ... 36
Transportation ... 37
Disclosures ... 46

Sanjeev Prasad
Co-head, Institutional Equities
(Strategy)
sanjeev.prasad@kotak.com

Nischint Chawathe
(Diversified Financials, Insurance, Banks)
nischint.chawathe@kotak.com

Hitesh Goel
(Automobiles & Components)
hitesh.goel@kotak.com

Suvodeep Rakshit
(Economy)
suvodeep.rakshit@kotak.com

Aditya Mongia
(Capital Goods, Transportation)
aditya.mongia@kotak.com

Sunita Baldawa
(Strategy, Database)
sunita.baldawa@kotak.com

Ajinkya Bhat
(Capital Goods, Transportation)
ajinkya.bhat@kotak.com

Samrat Verma
(Cement, Metals, Real Estate, Utilities)
samrat.verma@kotak.com

Prayatn Mahajan
(Construction Materials, Metals & Mining)
Prayatn.Mahajan@kotak.com

Hemang Khanna
(Oil, Gas & Consumable Fuels, Gas Utilities, Fertilizers & Agricultural Chemicals, Speciality Chemicals, Commodity Chemicals, Building Products)
hemang.khanna@kotak.com

Kawaljeet Saluja
Head of Research
(IT Services, Internet Software & Services)
kawaljeet.saluja@kotak.com

Murtuza Arsiwalla
(Electric Utilities, Real Estate, Construction Materials)
murtuza.arsiwalla@kotak.com

M.B. Mahesh, CFA
(Banks, Insurance, Diversified Financials)
mb.mahesh@kotak.com

Abhishek Poddar
(Construction Materials, Metals & Mining)
abhishek.poddar@kotak.com

Nishit Jalan
(Automobiles & Components, Consumer Durables & Apparel)
nishit.jalan@kotak.com

Aniket Sethi
(Consumer Durables & Apparel, Consumer Staples, Hotels & Restaurants, Speciality Chemicals, Telecommunication Services)
aniket.sethi@kotak.com

Anindya Bhowmik
(Strategy, Database)
anindya.bhowmik@kotak.com

Shrey Singh
(Diversified Financials, Insurance, Banks)
shrey.singh@kotak.com

Iftekhar Shaikh
Primary Analyst
iftekhar.shaikh@kotak.com

Venkat Madasu
Banks, Insurance, Diversified Financials
venkat.Madasu@kotak.com

Rohit Chordia
(Consumer Durables & Apparel, Consumer Staples, Hotels & Restaurants, Speciality Chemicals, Telecommunication Services)
rohit.chordia@kotak.com

Chirag Talati, CFA
(Pharmaceuticals, Health Care Services)
chirag.talati@kotak.com

Tarun Lakhotia
(Oil, Gas & Consumable Fuels, Gas Utilities, Fertilizers & Agricultural Chemicals, Speciality Chemicals, Commodity Chemicals, Building Products)
tarun.lakhotia@kotak.com

Jaykumar Doshi
(Consumer Durables & Apparel, Media, Consumer Staples, Hotels & Restaurants, Speciality Chemicals)
jaykumar.doshi@kotak.com

Garima Mishra
(Consumer Durables & Apparel, Transportation, Retailing, Commercial & Professional Services, Internet Software & Services)
garima.mishra@kotak.com

Kumar Gaurav
(Pharmaceuticals, Health Care Services)
kumar.g@kotak.com

Dipanjan Ghosh
(Banks, Insurance, Diversified Financials)
dipanjan.ghosh@kotak.com

Sathishkumar S
(IT Services)
Sathishkumar@kotak.com

Rishi Vora
(Automobiles & Components)
rishi.vora@kotak.com

The prices in this report are based on the market close of April 5, 2019.

SECTORS-WISE EXPECTATIONS

Exhibit 1: We expect yoy decline in the net income of automobiles, metals & mining and telecom sector
Sector-wise expectations for the March 2019 quarter results

	Key points	Key points
Automobiles & Components	We expect a weak quarter for auto companies—revenue/EBITDA/net profit for companies under our coverage are likely to decline by 4%/15%/26% yoy. EBITDA margin will likely decline by 150 bps yoy due to increase in commodity prices, higher discount levels and negative operating leverage. Suppliers will have a relatively better quarter with revenue and EBITDA growth of 8% and 4%, respectively due to exposure to the steady and profitable aftermarket. Passenger vehicle and two-wheeler OEMs will particularly report weak results while CV OEMs will report a decent quarter despite weak volumes.	We expect auto component companies under our coverage to report a relatively better quarter with 8% yoy revenue growth and 5% EBITDA growth in 4QFY19. This is due to their exposure to the steady and profitable aftermarket. Further, battery companies such as Amara Raja and Exide will benefit from the recent decline in lead prices.
Banks	We expect banks under coverage to show stable operating performance though the massive recapitalization in public banks could result in lower net NPL ratios for them. Loan growth has been stable at ~14-15% for the quarter with negligible pricing pressure resulting in NII growth of 21%. Asset quality will show further improvement. We maintain our positive outlook on corporate banks (ICICI Bank and SBI). IndusInd Bank would have a challenging quarter (IL&FS exposure) while HDFC Bank would be in focus on revenue composition. Third-party fees would be lower considering revision on upfront/trail fees from mutual funds. Yes Bank would see a sharp slowdown in business growth and the commentary from the new management would be a key monitorable.	Most of our discussions with banks in recent times suggest that the unrecognized stress in corporate loans is negligible, especially post IL&FS. Risks emanating from real estate are not too high. Resolution through the IBC framework has slowed as several high-profile cases could not reach a conclusion as anticipated earlier. However, progress continues outside through settlements/upgradation/write-offs, etc. The government's recent capital infusion program would result in these banks choosing to make aggressive provisions to bring down net NPLs of a few banks to ~6%, which gives them headroom to come out of PCA.
Capital Goods	The key themes in the industrial space are (1) continued weakness in greenfield private capex, (2) good support to capital goods companies from base orders for capacity augmentation and efficiency improvements and specific large orders in hydrocarbon and urban infrastructure segments, (3) moderating PGCIL capex, (4) improving trends in execution for EPC companies and (5) some support to margin from operating leverage benefits and lower commodity prices. Within the EPC space, the recent uptick in the pace of execution and low yoy base will help L&T report ~13% yoy revenue growth for its core E&C business. KEC and KPTL will post strong double-digit growth driven by the railways and civil businesses. BHEL will likely focus on the strong executable backlog in the power segment and on diversification through new order wins in the industry segment. We expect revenues of ABB and Siemens to be driven by base orders as greenfield private capex is still weak. Cummins will report a good result on both revenues (low base of domestic revenues) and margin (benefit of price increase in powergen segment) fronts.	Roads: 4QFY19 will see improvement in overall execution based on (1) strong order backlog and (2) commencement of construction related to new project wins. Companies with good execution track records such as Dilip Buildcon and Ashoka Buildcon are better-placed on this count, in our view.
Construction Materials	All-India cement prices increased by Rs8/bag qoq to Rs328/bag in 4QFY19 (+Rs1/bag yoy)—prices increased in (1) South by Rs16/bag qoq after sharp increase by companies in February 2019, (2) North, West and Central by Rs1-5/bag qoq, while prices declined in (3) East by Rs1/bag qoq. Operating costs are likely to decline led by fall in domestic pet coke prices—we note that domestic pet-coke prices declined by 3% qoq in 3Q and 2% qoq in 4Q (companies usually carry 45-60 days of pet-coke inventory—thus 5% decline in 2HFY19 in pet-coke prices will reflect in earnings mainly from 4QFY19). Beside lower fuel costs, we expect operating leverage benefit from seasonally higher 4Q volumes and lower freight costs (led by fall in diesel prices) to aid costs as well.	Industry cement volumes (per DIPP) increased by 9.6% for January-February 2019. We expect pan-India names to report 7-10% yoy volume growth and regional names to report 6-22% yoy volume growth. We expect sharp increase in EBITDA for companies with large presence in South and West markets led by price hikes and lower fuel costs—(1) Ultratech and ACC among pan-India names will report 26-51% qoq increase in EBITDA/ton to Rs700-970/ton (+5% to +27% yoy), and (2) Dalmia Bharat, India Cements and Orient Cement will report 25-90% qoq increase in EBITDA/ton (-7% to +37% yoy). We expect Shree Cement's EBITDA to increase 28% qoq to Rs9.1 bn (+45% yoy) aided by price increases in North and Central regions and lower pet-coke costs.
Consumer staples	4QFY19 is likely to be a mixed bag for the sector, in our view. Expected rural growth acceleration has not showed up and this, coupled with some moderation in urban growth trends as well, will weigh on volume and topline growth for the staples names. Interestingly, the low/mid-ticket discretionary names under our coverage (APNT, PIDI, JUBI, TTAN, etc.) seem to be showing no such slowdown signs even as some of the high-ticket consumption proxies (outside our coverage) like autos have seen some sharp deceleration in growth. Vagaries of the Indian consumer challenging 'smooth multi-year growth themes for anything consumption'? We guess.	On an aggregate basis, we expect 12/16/17% revenue/EBITDA/PAT growth for our coverage universe with higher growth in discretionary ex-ITC (18/29/30%) than the staples (11/16/18%) pack. Margin expansion theme sustains on the back of ongoing multi-year theme of benign competitive intensity in the sector (across categories). This theme has proven itself to be independent of the underlying demand environment—slow, modest, great, stable, accelerating or decelerating.
Diversified financials	4QFY19E was a tad better than 3QFY19 with improved liquidity for most NBFCs under coverage. While loan growth picked up in select segments (retail housing, LAP, etc.), auto finance was weak reflecting slowdown in volumes by large OEMs. Sharp rise in incremental funding costs post September 2018 will likely reflect in lower NIM for the quarter. Seasonal trends suggest that asset quality performance improves in 4Q though strong recoveries over the past few quarters sets a high base.	
Electric Utilities	Under-recovery of fixed cost, which has been a drag on earnings of NTPC will likely be addressed in 4QFY19 on account of improvement in plant availability factor. We expect NTPC to report 13.5% qoq increase in PAT in 4QFY19. For powergrid, we expect healthy growth in net profits (+14.8% yoy) on the back of asset capitalization of Rs206 bn in trailing 12 months.	Realization for merchant capacities is expected to remain weak due to subdued demand in the short-term market. JSW Energy will benefit on account of rupee appreciation; however; benefit from decline in spot prices of coal will be visible in subsequent quarters. Tata Power will likely report lower losses at Mundra, though the benefit of the same will be lost to lower earnings contribution in the coal business.
Gas Utilities	We expect GAIL to report sequentially lower EBITDA, driven by (1) a sharp decline in contribution from its gas marketing segment due to unfavorable economics of US LNG volumes and (2) lower profits on LPG production amid lower product prices, which will be partly offset by higher petchem contribution. We expect PLNG to report modest qoq improvement in EBITDA led by 5% escalation in Dahej tariffs and marginal recovery in volumes, which will be partially offset by higher operating costs.	CGD companies are expected to report robust profits led by (1) healthy growth in volumes and (2) sequential expansion in unit gross margins due to a stronger rupee, which will be partly offset by seasonal increase in operating costs.
Internet Software & Services	We expect Just Dial's growth trajectory to revive to 16% yoy based on strong collections growth witnessed in the previous two quarters. INFOE's core Naukri segment's yoy growth will be buoyant at 17% on improving hiring trends and collections growth. We expect 99acres revenue growth to come down to 30% yoy (slower than it was in 9MFY19) due to base effect. Despite superior revenue growth, margins for both companies may remain sequentially flat on account of investments in tech (INFOE), and higher ad-spends (both INFOE and JUST).	

Source: Kotak Institutional Equities estimates

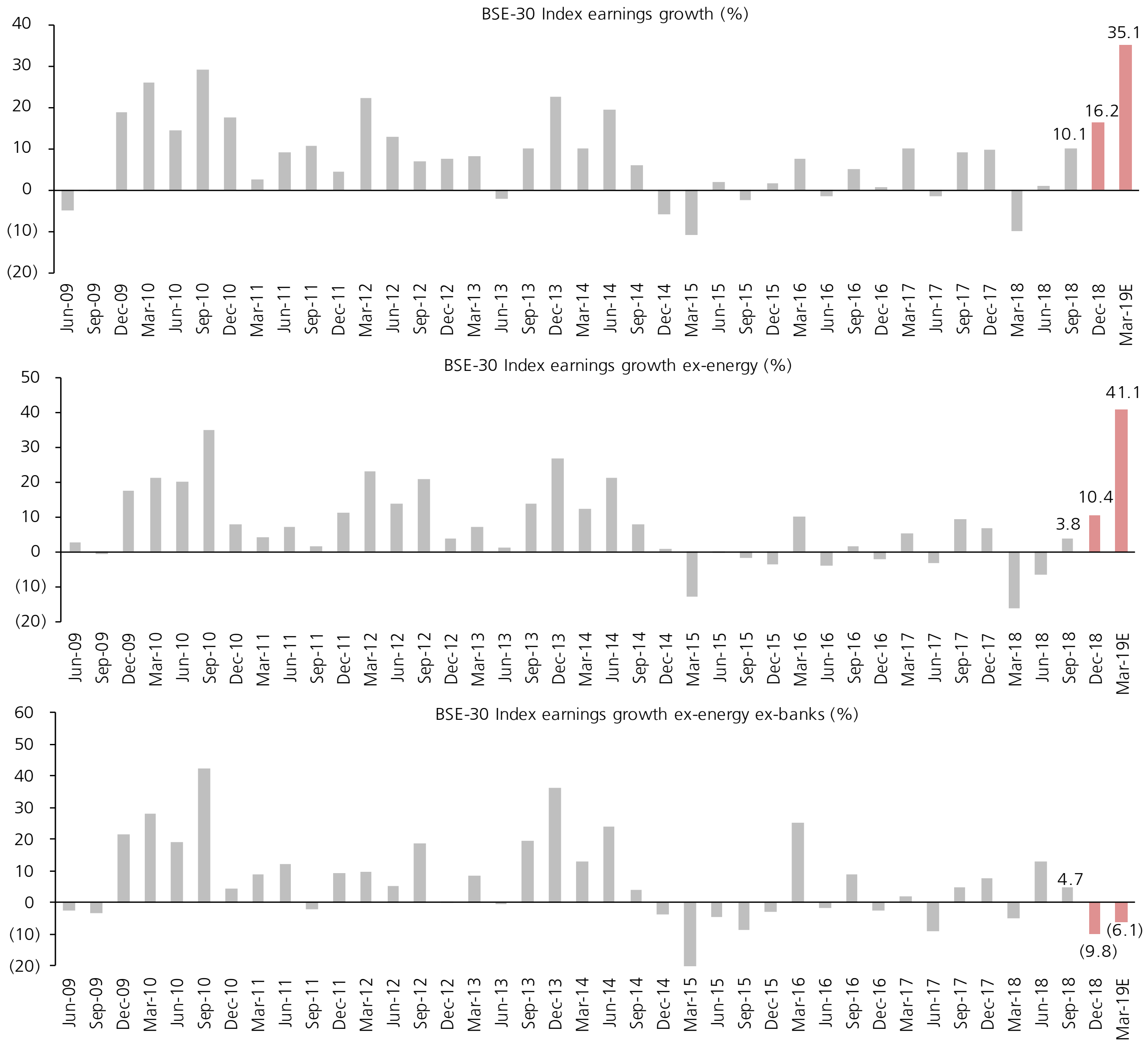
We expect yoy decline in the net income of automobiles, metals & mining and telecom sector

Sector-wise expectations for the March 2019 quarter results

	Key points	Key points
IT Services	March is a seasonally weak quarter for IT companies. Yet we expect a steady quarter with strong growth from Infosys, TCS and HCLT and muted growth for Wipro and Tech Mahindra as growth will be led by ramp-up of large deals won by companies over the past two quarters. All companies reported strong deal flow in the December 2018 quarter. We expect constant-currency revenue growth rate at 1.8-2.5% for Infosys, TCS and HCLT. On yoy comparison, revenue growth will be robust 10.7-13.5% for the three companies For mid-tier companies we expect revenue growth to be muted on a sequential basis when compared to the trend same time last year. Depreciation of GBP against USD will likely create cross-currency tailwind of 0-60 bps for our coverage universe.	On profitability, EBIT margin will decline marginally on a sequential basis due to 1.9% appreciation of the INR against USD and talent constraint-led increase in cost structure in the US. Profitability performance will be a key focus area. Benefit from strong deal flow and increasing digital deal sizes will be offset to some extent with slower spending growth in budgets in FY2020. We expect slower growth from the banking vertical for the industry in FY2020E. Overall we expect broadly similar industry growth for IT services in FY2020E with growth to be front-ended. We expect Infosys, HCLT and Tech Mahindra to grow faster in FY2020E. Stock returns for IT companies can be muted from here after a strong performance in the past 12 months.
Media	Broadcasting and distribution: We expect some interim impact of ongoing implementation of TRAI tariff order on broadcasters' advertising and subscription revenues. We expect Zee to report 11% yoy growth in advertisement revenues. Sun TV will likely report weak 7.5% yoy growth partly aided by Bangla GEC launch. For Dish TV, we expect 200,000 net subscriber additions and 1.5% qoq growth in ARPU partly aided by TRAI tariff order and market share gain from DD Freedish.	Print media: We expect buoyancy in print media advertising from political/government spends ahead of elections. We expect DB Corp. and Jagran to report 9-10% yoy growth in print advertisement revenue. Both companies would report a modest EBITDA growth thanks to easing newsprint prices.
Metals	**Ferrous:** Domestic steel prices declined by 3-6% qoq due to fall in global prices since October 2018. Prices declined by Rs3,000-4,000/ton qoq in flat segment and Rs1,000-1,500/ton in long product segment. On costs, we expect some respite for non-integrated steelmakers from decline in iron-ore prices (-16% to -20% qoq). We expect EBITDA/ton for domestic steel companies to decline by 6-17% qoq—we estimate Tata Steel's India EBITDA/ton at Rs14,400/ton (-6% qoq), JSW Steel's EBITDA/ton at Rs10,040/ton (-17% qoq) and Jindal Steel & Power's EBITDA/ton at Rs10,900/ton (-6% qoq). On volumes, we expect strong growth for Jindal Steel & Power aided by ramp-up of Angul operations (+22% qoq to 1.46 mn tons in 4QFY19). We estimate EBITDA for (1) Tata Steel to increase by 2% qoq to Rs68.6 bn (+6% yoy) on the back of strong 4Q volumes, (2) JSW Steel to decline by 7% qoq to Rs42 bn (-21% yoy) due to lower EBITDA/ton, and (3) Jindal Steel & Power to increase by 9% qoq to Rs21 bn (-1% yoy) aided by higher steel volumes from Angul plant ramp-up.	**Non-ferrous:** All-in aluminum declined 6% qoq to US$1,950/ton while zinc prices increased 3% qoq to US$2,707/ton in 4QFY19. Alumina prices declined by 23% qoq to US$390/ton, which will provide some cost respite to non-integrated aluminum producer (Vedanta). We expect Hindustan Zinc's EBITDA to decline by 9% qoq to Rs25.8 bn (-29% yoy) led by lower zinc metal volumes (-7% qoq). Vedanta's EBITDA will increase 3% qoq to Rs58.2 bn (-26% yoy) aided by (1) higher production at Zinc International and improved profitability in aluminum operations, partially offset by (2) lower EBITDA in Zinc India. Hindalco's standalone EBITDA (including Utkal) will decline by 16% qoq to Rs14.3 bn (-11% yoy) due to lower aluminum prices partially offset by favorable hedges. We estimate Nalco's EBITDA to decline by 7% qoq to Rs4.8 bn due to lower alumina and aluminum realizations.
Oil, Gas & Consumable Fuels	Upstream: We expect OIL and ONGC to report a sharp sequential decline in EBITDA driven by (1) ~US$5/bbl fall in global crude prices and (2) ~US$8-8.5/bbl of subsidy discount pertaining to shortfall in budget provision for kerosene subsidies; we assume the government will exempt upstream companies from sharing LPG subsidies. Downstream: We expect OMCs to report sharply higher EBITDA led by (1) ~Rs3.75/liter of increase in marketing margins for auto fuels and (2) accounting of adventitious gains amid a sharp ~US$14/bbl increase in end-period crude price, which will be partly offset by lower underlying refining margins.	RIL: We expect RIL to report a sequential decline in standalone EBITDA led by lower refining margins at US$7/bbl (-US$1.8/bbl qoq) amid a weaker environment, which will be partly offset by modest improvement in overall petchem margins. We expect modest increase in consolidated EBITDA as lower standalone contribution will be more than offset by likely increase in EBITDA from Jio (+Rs6 bn) and retail (+Rs2 bn).
Pharmaceuticals	We expect the domestic formulations segment to see a moderate quarter 9-13% yoy organic growth for the sector, with Torrent (Unichem acquisition) and Lupin likely to lead the pack and Cipla and SUNP likely to report ~11% yoy growth. We expect US revenues to pick up in the quarter, with LPC and DRRD likely to benefit from Ranexa exclusivity as well as gradual scale-up in Solosec, and expect Cipla's new launch momentum to continue through the quarter. We expect SUNP's US business to gradually scale up and expect marginal contribution from Ilumya (US$5 mn), while we expect DRRD to benefit from new Suboxone and propofol launches. We expect healthcare services companies to have a healthy quarter with mature centers growing at 11-12% and ramp-up of newly set up facilities along with seasonality aiding growth. We expect 15% yoy revenue growth for DLPL primarily led by volume growth.	We expect SUNP's EBITDA margin at 22.5%, while LPC's EBITDA margins are likely to improve to 19.5%, given the Ranexa exclusivity. We expect Cipla's EBITDA margin to be under pressure at 15.3% given seasonally weaker quarter for domestic formulations. DRRD's EBITDA margin will likely remain stable 20.6%, and also expect a stable quarter for ARBP. We expect ARBP's EBITDA margin at ~20%. We expect margin improvement in hospitals driven by no addition/commissioning of facilities in 4QFY19. APHS's EBITDA margin will expand to 11.2% (+240 bps yoy), while HCG should benefit from continued momentum across its network. We expect DLPL's EBITDA margins at 25.3% (+120 bps yoy, +280 bps qoq) led by operating leverage benefits.
Real estate	Transition to the new GST regime could have an impact on company sales and collection data, as buyers would have liked to postpone their purchase and payment decisions once clarity on the new GST regime came through in February 2019, making the new rates applicable from April 2019. Overall our industry-level data does suggest some weakness in pre-sales for residential projects, even as vacancy rates for commercial real estate remain at historical lows (especially in cities like Bengaluru). Hotel companies will likely see continued improvement in ARR, with a stronger sequential rise on the back of a weak Diwali quarter in 3QFY19.	DLF's dev-co will see residential sales of Rs6 bn from its completed inventory in the absence of launch of new projects. DCCDL will report earrings of Rs10.5 bn (+8% yoy) as its rental portfolio will witness stable occupancy. Godrej will see strong sales on account of new launches in 4QFY19. Sunteck will continue to see strong sales momentum from Naigaon as witnessed in the previous quarters.
Telecommunication Services	We expect Bharti to report flattish sequential India wireless EBITDA for 4QFY19E; we note Bharti's India wireless EBITDA has declined sequentially for 10 straight quarters since 1QFY17 and to that extent, stability would be a minor inflection. We expect a strong sequential EBITDA uptick for Bharti Infratel assuming the recent inexplicable rental/tenant surge continues. TCOM is likely to report another quarter of slow progress on key internals—traditional data EBITDA growth and EBITDA breakeven in the growth services segment. Our 12% sequential EBITDA growth assumption breaks down into a 7% qoq growth in core service EBITDA (excluding exit penalty) and a sharp 60% qoq jump in energy EBITDA. We note that 4Q is a seasonally strong quarter for energy EBITDA. Our energy EBITDA estimate implies a yoy growth of 25%.	Bharti India wireless—we expect a modest 1% sequential uptick in revenues to Rs102.9 bn; underlying assumption of stable qoq revenues in the mobile broadband (MBB) segment and marginal uptick in revenues from 2G subs, led by full-quarter impact of the 'minimum recharge construct'. Reported ARPU will likely see a sharp 14% qoq uptick to Rs120/sub/month, largely optical on account of the sharp subs base clean-up done in Dec 2018. For Bharti Infratel—our 12% sequential EBITDA growth assumption breaks down into a 7% qoq growth in core service EBITDA (excluding exit penalty) and a sharp 60% qoq jump in energy EBITDA. We note that 4Q is a seasonally strong quarter for energy EBITDA. Our energy EBITDA estimate implies a yoy growth of 25%.
Transportation	Ports: Cargo tonnage at India's major ports declined by 1.6% in Jan-Feb 2019. We model a higher 18% growth for Adani Ports' portfolio as the portfolio has crossed 200 mn tons for the full year as per a recent press release by the company. Our optimism is also based on better container market growth of 7.4% in Jan-Feb 2019 at India's major ports. Uptick in transshipment volumes and outperformance by Adani Ports portfolio can drive volume growth for the company. For GPPV, we expect strong volume growth in containers due to new line additions and a ramp-up of existing lines as well improvement in margin. Logistics: For Concor, provisional numbers published by the company indicate moderation in exim volumes to 3% yoy growth. We expect full impact of the realization hike to drive 10% overall revenue growth. The margin will be impacted by haulage charge hike taken by Indian Railways and partly supported by lower empties cost. In 3PL, Mahindra Logistics will see 12-14% yoy growth in the non-M&M group and M&M group revenues as well as 40 bps qoq margin improvement.	Airlines: Indigo will see a revival in its profitability primarily on account of higher yields (we expect 7% yoy improvement in yields) as well as lower input costs (benefit from INR appreciation and lower crude prices). This will result in positive RASK-CASK spreads for the first time in the past five quarters. Capacity growth of 28% yoy will, however, lag guidance on account of pilot shortage and resultant flight cancellations.

Source: Kotak Institutional Equities estimates

Exhibit 2: We expect net income of the BSE-30 Index to increase 35% yoy in 4QFY19
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 (#)	Mar-18	Dec-18	Mar-19E	Mar-18	Dec-18	Mar-19E	Mar-18	Dec-18	Mar-19E
Automobiles & Components (24)	1,999	1,843	1,929	264	191	223	122	63	88
Banks (18)	650	763	791	—	—	—	(234)	189	185
Building Products (1)	6	6	8	1	1	1	1	1	1
Capital Goods (15)	755	654	842	104	80	111	59	44	62
Commercial & Professional Services (2)	26	30	33	1	1	1	1	1	1
Commodity Chemicals (2)	70	81	81	14	15	16	8	9	9
Construction Materials (10)	297	298	335	52	48	62	26	19	29
Consumer Durables & Apparel (7)	93	90	105	13	11	15	9	8	10
Consumer Staples (15)	404	428	445	102	104	115	69	72	79
Diversified Financials (12)	246	272	277	—	—	—	77	80	87
Electric Utilities (6)	377	401	407	144	163	161	53	55	57
Fertilizers & Agricultural Chemicals (7)	84	84	96	15	14	17	11	8	11
Gas Utilities (5)	263	326	321	33	45	41	20	28	26
Health Care Services (5)	50	59	59	6	7	8	3	2	3
Hotels & Restaurants (2)	9	11	11	1	2	2	0	1	1
Internet Software & Services (2)	4	5	5	1	1	1	0	1	1
IT Services (9)	915	1,060	1,071	215	255	253	167	193	190
Media (5)	51	59	56	15	21	17	9	12	8
Metals & Mining (8)	1,180	1,186	1,226	290	252	249	130	98	94
Oil, Gas & Consumable Fuels (7)	4,124	5,022	5,142	466	499	655	272	258	349
Pharmaceuticals (8)	257	295	294	50	65	60	29	31	32
Real Estate (7)	55	58	70	8	15	19	6	7	10
Retailing (3)	95	134	121	9	12	12	6	7	7
Speciality Chemicals (4)	43	51	51	9	10	10	5	6	6
Telecommunication Services (3)	273	280	279	91	83	83	11	(8)	(5)
Transportation (6)	117	136	136	25	26	28	14	19	15
KIE universe	**12,446**	**13,635**	**14,191**	**1,929**	**1,923**	**2,164**	**872**	**1,204**	**1,357**

Source: Kotak Institutional Equities estimates

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

	Net sales			EBITDA			PAT		
Company (#)	Mar-18	Dec-18	Mar-19E	Mar-18	Dec-18	Mar-19E	Mar-18	Dec-18	Mar-19E
Automobiles & Components (5)	1,410	1,248	1,304	186	119	143	81	28	49
Banks (7)	489	565	591	—	—	—	(2)	167	204
Capital Goods (1)	407	357	456	54	40	66	32	20	37
Commodity Chemicals (1)	45	53	53	8	10	11	5	6	7
Consumer Staples (2)	197	208	215	62	64	70	43	46	49
Diversified Financials (1)	31	29	29	—	—	—	28	21	27
Electric Utilities (2)	309	324	334	124	140	141	44	47	51
IT Services (3)	640	739	746	161	189	187	124	145	143
Metals & Mining (2)	638	649	677	143	124	127	57	38	43
Oil, Gas & Consumable Fuels (3)	1,660	2,075	2,083	282	430	400	166	231	199
Pharmaceuticals (1)	70	77	79	17	22	18	11	12	10
Telecommunication Services (1)	196	205	202	69	62	61	4	(13)	(12)
Transportation (1)	32	28	28	19	18	18	9	14	8
BSE-30 Index	**6,123**	**6,558**	**6,799**	**1,127**	**1,218**	**1,240**	**602**	**764**	**814**

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 (#)	**Mar-18**	**Dec-18**	**Mar-19E**	**Mar-18**	**Dec-18**	**Mar-19E**	**Mar-18**	**Dec-18**	**Mar-19E**
Automobiles & Components (6)	1,435	1,272	1,329	194	126	150	87	34	54
Banks (7)	489	565	591	—	—	—	(2)	167	204
Capital Goods (1)	407	357	456	54	40	66	32	20	37
Commodity Chemicals (1)	45	53	53	8	10	11	5	6	7
Construction Materials (2)	136	141	153	25	24	29	13	11	14
Consumer Staples (3)	222	236	243	66	68	74	46	49	52
Diversified Financials (4)	152	175	180	—	—	—	52	50	57
Electric Utilities (2)	309	324	334	124	140	141	44	47	51
Fertilizers & Agricultural Chemicals (1)	57	49	65	12	10	14	9	5	9
Gas Utilities (1)	155	198	195	17	27	23	10	17	15
IT Services (5)	852	985	995	205	242	240	158	183	180
Media (1)	17	22	19	5	8	5	4	5	3
Metals & Mining (4)	963	971	1,003	209	178	178	91	57	59
Oil, Gas & Consumable Fuels (5)	3,486	4,266	4,339	426	474	594	245	243	314
Pharmaceuticals (3)	142	156	157	28	37	32	15	21	17
Retailing (1)	39	57	48	5	6	7	3	4	5
Telecommunication Services (2)	233	241	240	85	77	77	11	(7)	(5)
Transportation (1)	32	28	28	19	18	18	9	14	8
Nifty-50 Index	9,171	10,097	10,428	1,484	1,485	1,659	833	926	1,080

Source: Companies, Kotak Institutional Equities estimates

Exhibit 6: Sector-wise earnings growth of BSE-30 Index (%)

	Sales growth (%)		EBITDA growth (%)		EBITDA margin (%)			PAT growth (%)	
	yoy	qoq	yoy	qoq	Mar-18	Dec-18	Mar-19E	yoy	qoq
Automobiles & Components	(7.5)	4.5	(23.2)	19.7	13.2	9.6	11.0	(39.9)	72.1
Banks	20.7	4.5	—	—	—	—	—	NM	22.2
Capital Goods	12.1	27.7	21.5	63.9	13.3	11.2	14.4	16.2	80.3
Commodity Chemicals	18.7	0.6	28.2	3.2	18.7	19.7	20.2	37.5	4.1
Consumer Staples	9.5	3.7	12.8	9.6	31.5	30.7	32.4	12.2	5.7
Diversified Financials	(6.0)	0.3	—	—	—	—	—	(3.8)	29.6
Electric Utilities	8.2	3.1	13.2	0.6	40.2	43.1	42.1	16.9	8.6
IT Services	16.5	0.9	15.9	(1.2)	25.1	25.5	25.0	15.7	(1.4)
Metals & Mining	6.2	4.3	(11.5)	2.6	22.5	19.1	18.7	(24.2)	12.6
Oil, Gas & Consumable Fuels	25.5	0.4	41.5	(7.1)	17.0	20.7	19.2	19.4	(13.9)
Pharmaceuticals	13.7	2.5	6.0	(17.1)	24.1	27.8	22.5	(3.1)	(18.0)
Telecommunication Services	3.0	(1.5)	(12.5)	(2.5)	35.3	30.3	30.0	(391.8)	10.4
Transportation	(11.1)	0.2	(4.7)	(0.1)	60.7	65.3	65.1	(18.7)	(46.5)
BSE-30 Index	**11.0**	**3.7**	**10.0**	**1.8**	**20.0**	**20.3**	**20.0**	**35.1**	**6.6**
BSE-30 Index (ex-energy)	**5.7**	**5.2**	**(0.5)**	**6.6**	**21.2**	**20.1**	**20.4**	**41.1**	**15.4**
BSE-30 Index (ex-banks)	**10.2**	**3.6**	**10.0**	**1.8**	**20.0**	**20.3**	**20.0**	**1.1**	**2.2**

Source: Companies, Kotak Institutional Equities estimates

Exhibit 7: Sector-wise earnings growth of Nifty-50 Index (%)

	Sales growth (%)		EBITDA growth (%)		EBITDA margin (%)			PAT growth (%)	
	yoy	qoq	yoy	qoq	Mar-18	Dec-18	Mar-19E	yoy	qoq
Automobiles & Components	(7.4)	4.5	(22.7)	18.8	13.5	9.9	11.3	(38.3)	60.3
Banks	20.7	4.5	—	—	—	—	—	NM	22.2
Capital Goods	12.1	27.7	21.5	63.9	13.3	11.2	14.4	16.2	80.3
Commodity Chemicals	18.7	0.6	28.2	3.2	18.7	19.7	20.2	37.5	4.1
Construction Materials	12.4	8.4	14.3	19.2	18.7	17.3	19.0	6.6	31.6
Consumer Staples	9.6	3.0	13.0	9.1	29.7	28.9	30.6	12.7	5.6
Diversified Financials	18.6	2.9	—	—	—	—	—	9.4	14.4
Electric Utilities	8.2	3.1	13.2	0.6	40.2	43.1	42.1	16.9	8.6
Fertilizers & Agricultural Chemicals	13.6	31.4	17.9	41.4	21.4	20.6	22.2	(1.2)	67.5
Gas Utilities	25.8	(1.4)	35.2	(14.2)	10.9	13.5	11.8	49.4	(11.7)
IT Services	16.7	0.9	16.8	(1.0)	24.1	24.6	24.1	13.4	(2.0)
Media	12.3	(10.6)	0.9	(32.3)	29.3	34.8	26.3	(19.0)	(39.3)
Metals & Mining	4.2	3.2	(14.5)	0.3	21.7	18.3	17.8	(34.4)	4.2
Oil, Gas & Consumable Fuels	24.5	1.7	39.4	25.5	12.2	11.1	13.7	28.2	29.2
Pharmaceuticals	10.6	0.7	13.8	(13.6)	19.6	23.6	20.2	14.7	(16.1)
Retailing	23.1	(15.0)	44.3	12.4	11.6	10.3	13.6	37.2	10.9
Telecommunication Services	2.8	(0.6)	(9.8)	0.2	36.6	31.8	32.1	(145.2)	32.8
Transportation	(11.1)	0.2	(4.7)	(0.1)	60.7	65.3	65.1	(18.7)	(46.5)
Nifty-50 Index	**13.7**	**3.3**	**11.8**	**11.7**	**17.1**	**15.6**	**16.9**	**29.7**	**16.6**
Nifty-50 Index (ex-energy)	**7.1**	**4.4**	**0.7**	**5.3**	**20.3**	**19.2**	**19.4**	**30.3**	**12.1**
Nifty-50 Index (ex-banks)	**13.3**	**3.2**	**11.8**	**11.7**	**17.1**	**15.6**	**16.9**	**5.0**	**15.3**

Source: Companies, Kotak Institutional Equities estimates

4QFY19/1QCY19 EARNINGS PREVIEW FOR KIE UNIVERSE

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
Automobiles						
Amara Raja Batteries						
Net sales	15,807	16,947	17,072	8.0	0.7	We expect revenues to increase by 8% yoy led by (1) 8% yoy growth in automotive replacement segment, (2) 5% yoy decline in OEM revenues due to decline in industry production and (3) 10-11% yoy growth in industrial segment due to market share gains in home UPS and e-rickshaw segments.
EBITDA	2,107	2,528	2,588	22.8	2.4	
EBIT	1,519	1,871	1,928	26.9	3.0	
PBT	1,743	1,978	2,040	17.0	3.1	
Reported PAT	1,098	1,309	1,346	22.6	2.9	We expect EBITDA margin to improve by 25 bps qoq (up 180 bps yoy) largely due to improvement in gross margin led by benefit of decline in lead prices. We note that LME lead prices declined by 4% qoq in rupee terms in 4QFY19 (assuming 1.5-month lag in prices due to inventory).
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,098	1,309	1,346	22.6	2.9	
EPS (Rs/share)	6.4	7.7	7.9	22.6	2.9	
EBITDA margin (%)	13.3	14.9	15.2	182 bps	24 bps	
Apollo Tyres						
Net sales	40,313	47,183	44,060	9.3	(6.6)	We expect standalone revenues to increase by 9% yoy driven by (1) 4% yoy increase in tonnage volumes due to double-digit growth in the truck-bus radial tire segment while volumes will likely be flattish yoy in other segments due to slowdown in automotive demand and (2) 5% yoy increase in ASPs. We expect EBITDA margin to improve by 110 bps qoq (down 210 bps yoy) due to reduction in prices of crude derivatives such as carbon black, chemicals, etc. We expect RM cost per kg to decline by 3% qoq. Standalone net profit will likely decline by 21% yoy.
EBITDA	5,152	5,273	5,179	0.5	(1.8)	
EBIT	3,384	3,262	3,109	(8.1)	(4.7)	
PBT	3,345	3,108	2,879	(13.9)	(7.4)	
Reported PAT	2,501	1,979	2,073	(17.1)	4.7	
Extraordinaries	—	(600)	—	—	—	
Adjusted PAT	2,501	2,452	2,073	(17.1)	(15.5)	We expect Europe revenues to grow by 9% yoy in 4QFY19 led by (1) 6% yoy revenue growth in EUR terms in manufacturing operations led by ramp-up of Hungary plant and (2) marginal yoy decline in Reifencom revenues (distribution business). We build in EBIT margin of 2% in our estimates in 4QFY19, largely flattish yoy.
EPS (Rs/share)	4.4	4.3	3.6	(17.1)	(15.5)	
EBITDA margin (%)	12.8	11.2	11.8	-103 bps	57 bps	
Ashok Leyland						
Net sales	87,725	63,252	86,038	(1.9)	36.0	We expect revenues to decline by 2% yoy in 4QFY19 led by 3% yoy decline in ASPs due to an inferior product mix, which will be partially offset by 1% increase in volumes.
EBITDA	10,327	6,496	10,512	1.8	61.8	
EBIT	8,864	4,890	8,902	0.4	82.1	
PBT	9,240	4,906	8,982	(2.8)	83.1	
Reported PAT	6,674	3,818	6,992	4.8	83.2	We expect EBITDA to increase by 2% yoy as we expect EBITDA margin to improve by 40 bps yoy led by 100 bps yoy improvement in gross margin.
Extraordinaries	59	(61)	—	—	—	
Adjusted PAT	6,633	3,851	6,992	5.4	81.6	
EPS (Rs/share)	2.3	1.3	2.4	5.4	81.6	
EBITDA margin (%)	11.8	10.3	12.2	44 bps	194 bps	
Bajaj Auto						
Net sales	67,733	74,094	73,550	8.6	(0.7)	Volumes increased by 14% yoy led by (1) 22% yoy growth in domestic bike volumes and (2) 9% yoy growth in export bike volumes. We expect revenues to rise by 9% yoy as ASPs will decline by ~5% yoy due to an inferior product mix.
EBITDA	13,152	11,561	11,670	(11.3)	0.9	
EBIT	12,274	10,927	10,970	(10.6)	0.4	
PBT	15,937	15,591	15,967	0.2	2.4	
Reported PAT	10,799	11,019	11,017	2.0	(0.0)	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to decline by 350 bps on yoy basis (+30 bps qoq) largely due to an inferior product mix, higher commodity cost and increase in discounting in the economy motorcycle segment.
Adjusted PAT	10,799	11,019	11,017	2.0	(0.0)	
EPS (Rs/share)	37.3	38.1	38.1	2.0	(0.0)	
EBITDA margin (%)	19.4	15.6	15.9	-356 bps	26 bps	
Balkrishna Industries						
Net sales	13,068	11,966	13,568	3.8	13.4	We expect volumes to decline by 2% yoy particularly due to weakness in the agriculture tire market in Europe and rest of the world markets. Revenues will likely increase by 4% yoy due to 6% yoy increase in ASPs (flat qoq) driven by price hikes and benefit of INR depreciation.
EBITDA	3,766	3,029	3,850	2.2	27.1	
EBIT	2,983	2,195	3,000	0.6	36.6	
PBT	2,976	2,165	3,330	11.9	53.8	
Reported PAT	1,936	1,447	2,198	13.5	51.9	We expect EBITDA margin to improve by 310 bps qoq (down 45 bps yoy) largely due to 170 bps qoq improvement in gross margin led by (1) reduction in prices of crude-derivatives such as synthetic rubber, fabric, carbon black, etc. and (2) operating leverage benefits. We expect EBITDA per kg to improve by 4% yoy and 12% qoq.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,041	1,685	2,198	7.7	30.4	
EPS (Rs/share)	10.6	8.7	11.4	7.7	30.4	
EBITDA margin (%)	28.8	25.3	28.4	-45 bps	306 bps	
Bharat Forge						
Net sales	23,002	25,086	25,733	11.9	2.6	We expect consolidated revenues to increase by 12% yoy, which will be driven by (1) 16% yoy growth in standalone business and (2) 5% yoy growth in Europe subsidiary. Revenue growth in the standalone business will be driven by (1) 17% yoy growth in export revenues and (2) 7% yoy growth in domestic revenues led by strong growth in the non-auto segment.
EBITDA	4,868	5,792	5,785	18.8	(0.1)	
EBIT	4,868	5,792	5,785	18.8	(0.1)	
PBT	3,750	4,799	4,512	20.3	(6.0)	
Reported PAT	2,512	3,215	3,023	20.3	(6.0)	
Extraordinaries	—	—	—	—	—	We expect consolidated EBITDA margin to improve by 130 bps yoy led by 200 bps improvement in standalone EBITDA margin due to operating leverage benefits. We build in 7.0% EBITDA margin in Europe business, down 130 bps yoy.
Adjusted PAT	2,512	3,215	3,023	20.3	(6.0)	
EPS (Rs/share)	5.4	6.9	6.5	20.3	(6.0)	
EBITDA margin (%)	21.2	23.1	22.5	131 bps	-61 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
Ceat						
Net sales	16,739	17,139	18,044	7.8	5.3	We expect consolidated revenues to increase by 8% yoy led by (1) 2% yoy volume growth in standalone business, (2) 5% increase in ASPs due to price increase taken to offset cost pressures and (3) ramp-up of production of specialty tires (part of 100% subsidiary).
EBITDA	1,976	1,426	1,696	(14.2)	19.0	
EBIT	1,528	943	1,176	(23.0)	24.7	
PBT	1,359	762	976	(28.2)	28.1	
Reported PAT	771	528	675	(12.4)	28.0	
Extraordinaries	(246)	—	—	—	—	We expect EBITDA margin to improve by 110 bps qoq (down 240 bps yoy) largely due to lower marketing spend this quarter (lumpy in nature and were higher in 9MFY19). We expect gross margin to decline by 180 bps sequentially in 4QFY19.
Adjusted PAT	943	528	675	(28.4)	28.0	
EPS (Rs/share)	23.3	13.0	16.7	(28.4)	28.0	
EBITDA margin (%)	11.8	8.3	9.4	-241 bps	108 bps	
Eicher Motors						
Net sales	25,280	23,411	24,137	(4.5)	3.1	Royal Enfield volumes declined by 14% yoy in 4QFY19 due to weak demand and high ownership costs; we expect standalone revenues to decline by 5% yoy led by increase in prices as the company has introduced ABS in all its models to comply with the new safety norms. We expect EBITDA margin of Royal Enfield to decline by 280 bps yoy due to negative operating leverage.
EBITDA	7,972	6,795	6,997	(12.2)	3.0	
EBIT	7,533	6,154	6,357	(15.6)	3.3	
PBT	5,255	7,592	7,350	39.9	(3.2)	
Reported PAT	4,615	5,330	5,230	13.3	(1.9)	
Extraordinaries	—	—	—	—	—	We expect consolidated adjusted net profit to decline by 19% yoy led by weak performance of both RE and VECV.
Adjusted PAT	6,486	5,330	5,230	(19.4)	(1.9)	
EPS (Rs/share)	238.3	195.8	192.2	(19.4)	(1.9)	
EBITDA margin (%)	31.5	29.0	29.0	-255 bps	-4 bps	
Endurance Technologies						
Net sales	17,350	18,130	18,738	8.0	3.4	We expect revenues to increase by 8% yoy in 4QFY19 led by (1) 11% yoy increase in standalone business aided by 15-20% yoy increase in Bajaj Auto production volumes and (2) 1% yoy increase in European subsidiary (in INR terms) despite decline in production volumes in Europe largely due to market share gains.
EBITDA	2,573	2,530	2,758	7.2	9.0	
EBIT	1,666	1,594	1,823	9.4	14.4	
PBT	1,680	1,612	1,863	10.9	15.6	
Reported PAT	1,164	1,382	1,291	10.9	(6.6)	
Extraordinaries	—	208	—	—	—	We estimate EBITDA margin to improve by 80 bps qoq (-10 bps yoy) due to 60 bps sequential improvement in gross margins.
Adjusted PAT	1,164	1,111	1,291	10.9	16.2	
EPS (Rs/share)	8.3	7.9	9.2	10.9	16.2	
EBITDA margin (%)	14.8	14.0	14.7	-12 bps	76 bps	
Escorts						
Net sales	14,361	16,551	16,538	15.2	(0.1)	We expect revenues to increase by 15% yoy in 4QFY19 led by (1) 15% yoy increase in tractor revenues aided by volume and ASP growth and (2) 13% and 32% yoy increase in construction and railway segment revenues, respectively.
EBITDA	1,738	2,005	1,971	13.4	(1.7)	
EBIT	1,549	1,790	1,756	13.3	(1.9)	
PBT	1,712	1,991	1,991	16.3	(0.0)	
Reported PAT	1,126	1,401	1,334	18.5	(4.8)	
Extraordinaries	—	109	—	—	—	We expect EBITDA margin to decline by 20 bps yoy as operating leverage benefits will be offset by lower gross margin.
Adjusted PAT	1,126	1,325	1,334	18.5	0.7	
EPS (Rs/share)	12.7	14.9	15.0	18.5	0.7	
EBITDA margin (%)	12.1	12.1	11.9	-19 bps	-20 bps	
Exide Industries						
Net sales	24,594	24,968	26,229	6.6	5.0	We expect revenues to increase by 7% yoy led by (1) 8% yoy growth in automotive replacement segment, (2) 5% yoy decline in OEM revenues due to decline in industry production and (3) 9-10% yoy growth in industrial segment due to market share gains in telecom and e-rickshaw segments and (4) high single-digit growth in inverter battery and UPS segments.
EBITDA	3,380	3,125	3,621	7.1	15.9	
EBIT	2,706	2,312	2,801	3.5	21.2	
PBT	2,903	2,369	3,011	3.7	27.1	
Reported PAT	1,896	1,550	2,018	6.4	30.1	We expect EBITDA margin to improve by 130 bps qoq largely due to (1) 40 bps sequential improvement in gross margin led by lower lead prices and (2) normalization to other expenses due to higher warranty-related expenses last quarter. We note that LME lead prices were down around 2% qoq in INR terms in 4QFY19 (assuming 1.5-month lag in prices due to inventory).
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,896	1,550	2,018	6.4	30.1	
EPS (Rs/share)	2.2	1.8	2.4	6.4	30.1	
EBITDA margin (%)	13.7	12.5	13.8	6 bps	128 bps	
Hero Motocorp						
Net sales	85,640	78,648	76,950	(10.1)	(2.2)	We expect revenues to decline by 10% yoy led largely by 11% yoy volume decline.
EBITDA	13,706	11,048	9,979	(27.2)	(9.7)	
EBIT	12,223	9,529	8,449	(30.9)	(11.3)	
PBT	13,872	11,384	10,429	(24.8)	(8.4)	
Reported PAT	9,674	7,691	7,040	(27.2)	(8.5)	We expect EBITDA margin to decline by 300 bps yoy due to increase in commodity costs and higher discounting due to a weak demand scenario.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	9,674	7,691	7,040	(27.2)	(8.5)	
EPS (Rs/share)	48.4	38.5	35.3	(27.2)	(8.5)	
EBITDA margin (%)	16.0	14.0	13.0	-304 bps	-108 bps	
Mahindra CIE Automotive						
Net sales	19,107	18,733	19,921	4.3	6.3	We expect consolidated revenues to increase by 4% yoy led by (1) 5% yoy revenue growth in Europe business (in EUR terms) aided by strong growth in Metalcastello business, (2) benefit of 1% EUR appreciation versus INR and (3) 1% yoy growth in the India business (including Bill Forge).
EBITDA	2,638	2,747	2,953	11.9	7.5	
EBITDA margin (%)	13.8	14.7	14.8	101 bps	15 bps	We expect consolidated EBITDA margin to improve by 100 bps yoy led by 170 bps improvement in EBTIDA margin in the European subsidiary. We expect 14.5% EBITDA margin for the Europe business.

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
Mahindra & Mahindra						
Net sales	131,888	128,925	132,055	0.1	2.4	
EBITDA	19,950	17,029	16,007	(19.8)	(6.0)	Overall volumes were flattish yoy led by 6% yoy growth in auto volumes, which were offset by 14% decline in tractor volumes. We expect revenues to remain flat.
EBIT	15,560	11,975	10,953	(29.6)	(8.5)	
PBT	16,720	15,045	12,403	(25.8)	(17.6)	
Reported PAT	11,549	13,960	8,434	(27.0)	(39.6)	
Extraordinaries	479	(800)	—	(100.0)	(100.0)	We expect EBITDA margin to decline by 300 bps due to (1) 390 bps decline in gross margins due to an inferior product mix and (2) higher launch cost due to launch of new models, which will be partially offset by operating leverage benefits.
Adjusted PAT	11,214	13,960	8,434	(24.8)	(39.6)	
EPS (Rs/share)	9.9	12.3	7.4	(24.8)	(39.6)	
EBITDA margin (%)	15.1	13.2	12.1	-301 bps	-109 bps	
Maruti Suzuki						
Net sales	211,656	196,683	212,477	0.4	8.0	
EBITDA	30,150	19,311	27,308	(9.4)	41.4	We expect revenues to remain flattish yoy in 4QFY19 on the back of 1% yoy volume decline, which will be offset by 1% yoy increase in ASPs due to a better product mix.
EBIT	23,123	11,632	19,606	(15.2)	68.6	
PBT	26,344	20,601	26,408	0.2	28.2	
Reported PAT	18,821	14,893	18,486	(1.8)	24.1	
Extraordinaries	—	—	—	—	—	We expect EBITDA to decline by 9% yoy in 4QFY19 led by (1) rise in commodity costs and (2) increase in discounts due to a weak demand scenario. We expect EBITDA margin to improve by 300 bps qoq led by (1) 140 bps improvement in gross margin and (2) 150 bps improvement due to lower staff cost and discounts.
Adjusted PAT	18,821	14,893	18,486	(1.8)	24.1	
EPS (Rs/share)	62.3	49.3	61.2	(1.8)	24.1	
EBITDA margin (%)	14.2	9.8	12.9	-140 bps	303 bps	
Motherson Sumi Systems						
Net sales	154,079	164,730	167,276	8.6	1.5	We expect 17% yoy revenue decline for the standalone entity as we build in steep cut in passenger vehicle industry production volumes. Standalone EBITDA margin will likely decline by 380 bps yoy due to negative operating leverage.
EBITDA	15,001	13,934	14,672	(2.2)	5.3	
EBIT	10,933	8,220	8,972	(17.9)	9.2	
PBT	10,418	7,948	8,722	(16.3)	9.7	We expect consolidated revenue to grow by 9% yoy led by (1) 12% yoy growth in EUR revenues of the SMRPBV business and (2) 7% growth (in EUR terms) in PKC business, which will be partially offset by 17% decline in revenues for the standalone business. We expect consolidated EBITDA margin to decline by 100 bps yoy leading to 2% yoy decline in consolidated EBITDA, mainly led by 34% yoy decline in standalone business EBITDA due to higher staff costs.
Reported PAT	5,184	3,891	4,256	(17.9)	9.4	
Extraordinaries	(207)	—	—	—	—	
Adjusted PAT	5,184	3,891	4,256	(17.9)	9.4	
EPS (Rs/share)	1.6	1.2	1.3	(17.9)	9.4	
EBITDA margin (%)	9.7	8.5	8.8	-97 bps	31 bps	
MRF						
Net sales	38,654	40,338	41,360	7.0	2.5	
EBITDA	6,860	5,519	6,521	(5.0)	18.2	We expect revenues to grow by 7% yoy led by low-single-digit volume growth (building in market share loss in MHCV segment and slowdown in two-wheeler replacement segment) and 4-5% increase in ASPs due to price hikes taken by the company to offset cost pressures.
EBIT	4,993	3,467	4,421	(11.5)	27.5	
PBT	5,139	4,093	4,481	(12.8)	9.5	
Reported PAT	3,453	2,793	3,002	(13.1)	7.5	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to improve by 210 bps qoq (down 200 bps yoy) due to 180 bps qoq improvement in gross margin led by benefit reduction in prices of crude derivatives such as carbon black, synthetic rubber, fabric, etc. 1HFY19). We expect gross margin to remain largely flattish yoy.
Adjusted PAT	3,453	2,793	3,002	(13.1)	7.5	
EPS (Rs/share)	814.4	658.6	708.0	(13.1)	7.5	
EBITDA margin (%)	17.7	13.7	15.8	-199 bps	208 bps	
Schaeffler India						
Net sales	10,835	11,863	11,810	9.0	(0.4)	
EBITDA	1,880	1,718	1,892	0.6	10.1	We expect revenues to grow by 9% yoy led by strong double-digit growth in automotive replacement, industrial segments and exports while automotive OEM revenues will likely be weak (marginal growth due to content increase and share gains) owing to slowdown in automotive industry production.
EBIT	1,521	1,330	1,492	(2.0)	12.1	
PBT	1,689	1,569	1,677	(0.7)	6.9	
Reported PAT	1,106	1,072	1,123	1.6	4.8	
Extraordinaries	(35)	—	—	—	—	
Adjusted PAT	1,129	1,072	1,123	(0.5)	4.8	We expect EBITDA margin to improve by 150 bps qoq (down 130 bps yoy) as we build in benefit of lagged price increases and normalization of other expenses (Rs60-80 mn one-off merger-related expenses in 4QCY18).
EPS (Rs/share)	36.1	34.3	35.9	(0.5)	4.8	
EBITDA margin (%)	17.4	14.5	16.0	-134 bps	153 bps	
SKF						
Net sales	7,036	7,677	7,670	9.0	(0.1)	
EBITDA	1,061	1,216	1,181	11.3	(2.9)	We expect revenues to grow by 9% yoy led by double-digit growth in automotive replacement and industrial segments even though auto OEM volumes will be weak (flattish yoy despite market share gains aided by new order wins) due to decline in automotive industry production.
EBIT	946	1,102	1,063	12.4	(3.5)	
PBT	1,117	1,419	1,263	13.1	(11.0)	
Reported PAT	716	885	834	16.5	(5.7)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	716	885	834	16.5	(5.7)	We expect EBITDA margin to decline by 45 bps qoq (+30 bps yoy) largely due to adverse impact of weaker product mix (auto segment is more profitable for the company) on company's gross margins.
EPS (Rs/share)	13.9	17.2	16.3	16.5	(5.7)	
EBITDA margin (%)	15.1	15.8	15.4	31 bps	-45 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
Tata Motors						
Net sales	912,791	770,009	809,365	(11.3)	5.1	We expect standalone revenues to decline by 7% yoy due to 6% decline in volume and marginal decline in ASPs (lower mix of higher tonnage MHCV volumes).
EBITDA	108,944	60,406	77,881	(28.5)	28.9	
EBIT	44,061	(3,986)	13,489	(69.4)	NM	
PBT	35,922	(13,853)	4,804	(86.6)	NM	JLR's UK P&L volumes will likely decline by 14% yoy (assuming 48,500 wholesale volumes in March 2019). We expect ASPs to decline by 1% as benefit of GBP depreciation will likely be offset by weaker regional mix (lower China volumes). We expect reported EBITDA margin to deteriorate by 310 bps yoy due to lower gross margins and high employee cost. We build in hedged forex loss of GBP198 mn in our estimates for 4QFY19 (GBP168 mn in 3QFY19 and GBP211 mn in 4QFY18).
Reported PAT	21,252	(269,925)	3,591	(83.1)	NM	
Extraordinaries	(12,845)	(278,431)	—	—	—	
Adjusted PAT	30,244	(19,337)	3,591	(88.1)	NM	
EPS (Rs/share)	8.9	(5.7)	1.1	(88.1)	NM	
EBITDA margin (%)	11.9	7.8	9.6	-232 bps	177 bps	
Timken						
Net sales	3,454	3,849	4,280	23.9	11.2	We expect revenues to increase by 24% yoy led by (1) 16% due to acquisition of ABC Bearings and (2) 8% due to growth in core business led by double-digit growth in industrial, exports and railway segments and flattish revenues in the CV segment.
EBITDA	460	556	692	50.4	24.6	
EBIT	351	351	487	39.1	38.8	
PBT	366	380	512	40.1	34.8	
Reported PAT	237	264	343	44.9	29.9	We expect EBITDA margin to improve by 170 bps qoq (up 280 bps yoy) largely due to operating leverage benefits.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	237	264	343	44.9	29.9	
EPS (Rs/share)	3.5	3.5	4.6	31.0	29.9	
EBITDA margin (%)	13.3	14.4	16.2	284 bps	174 bps	
TVS Motor						
Net sales	39,928	46,640	40,626	1.7	(12.9)	Volumes grew by 2% yoy possibly led by (1) 9% growth in exports and (2) flattish growth in domestic markets. We expect revenues to grow by 2% yoy in 4QFY19 largely led by volume growth.
EBITDA	2,807	3,757	2,869	2.2	(23.6)	
EBIT	1,863	2,745	1,856	(0.4)	(32.4)	
PBT	1,921	2,585	1,696	(11.7)	(34.4)	
Reported PAT	1,656	1,784	1,170	(29.3)	(34.4)	We expect EBITDA margin to improve marginally due to operating leverage benefits, which will be offset by 150 bps yoy decline in gross margin. We expect net profit to decline by 29% led by higher tax rate (+31% in 4QFY19 vs +14% in 4QFY18).
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,656	1,784	1,170	(29.3)	(34.4)	
EPS (Rs/share)	3.5	3.8	2.5	(29.3)	(34.4)	
EBITDA margin (%)	7.0	8.1	7.1	3 bps	-100 bps	
Varroc Engineering						
Net sales	29,846	29,550	33,753	13.1	14.2	We expect revenues to increase by 14% qoq led by 25% revenue increase in VLS business (in EUR terms). We expect India business revenue growth to be flattish.
EBITDA	2,443	2,673	3,270	33.9	22.3	
EBIT	1,371	1,300	1,895	38.2	45.8	
PBT	1,295	1,204	1,805	39.4	49.9	
Reported PAT	1,428	1,022	1,514	6.0	48.2	We expect profitability to improve in VLS business qoq.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,428	1,022	1,514	6.0	48.2	
EPS (Rs/share)	10.6	7.6	11.2	6.0	48.2	
EBITDA margin (%)	8.2	9.0	9.7	150 bps	64 bps	
WABCO India						
Net sales	7,849	6,999	7,505	(4.4)	7.2	We expect revenues to decline by 4% yoy led by 16% yoy decline in OEM revenues owing to decline in industry production, which will be partially offset by (1) 8% yoy growth in exports and (2) 15% yoy growth in the aftermarket segment.
EBITDA	1,122	1,005	1,115	(0.6)	10.9	
EBIT	962	827	938	(2.5)	13.3	
PBT	1,150	925	1,035	(10.0)	11.9	
Reported PAT	772	598	714	(7.5)	19.4	We expect EBITDA margin to improve by 60 bps yoy due to 90 bps yoy improvement in gross margin.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	772	598	714	(7.5)	19.4	
EPS (Rs/share)	40.7	31.5	37.6	(7.5)	19.4	
EBITDA margin (%)	14.3	14.4	14.9	56 bps	49 bps	

Source: Companies, Kotak Institutional Equities estimates

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

				Change (%)		
	Mar-18	Dec-18	Mar-19E	yoy	qoq	Comments
Banks/Diversified financials						
Axis Bank						
Net interest income	47,305	56,037	58,745	24.2	4.8	We expect loan growth at 14% yoy with greater focus on retail. NIM at 3.5% (unchanged qoq but there is a positive bias as pricing environment has been favorable for banks).
Pre-provision profit	36,722	55,247	48,023	30.8	(13.1)	
Fee income	24,480	26,150	27,341	11.7	4.6	
Treasury income (net)	3,230	7,000	820	(74.6)	(88.3)	
Loan-loss provisions	77,320	33,520	19,445	(74.9)	(42.0)	We expect slippages of Rs24 bn (2% of loans) mostly from 'below investment grade book'. We expect more traction on recovery from write-off pool. No major concerns on asset quality.
Adjusted PAT	(21,887)	16,809	15,881	NM	(5.5)	
EPS (Rs/share)	(9.3)	7.1	6.7	NM	(5.5)	
Bajaj Finance						
Net interest income	23,624	32,092	32,167	36.2	0.2	In line with seasonal trends, we expect loan growth to moderate to 7% qoq from 10% qoq in 3QFY19.
Pre-provision profit	13,731	20,894	20,802	51.5	(0.4)	
Loan-loss provisions	2,739	4,538	4,862	77.5	7.1	NIM will likely moderate to 11.1%, down from 12% in 3QFY19, due to lower share of the high-margin consumer business, in line with seasonal trends.
Adjusted PAT	7,210	10,596	10,263	42.4	(3.1)	
EPS (Rs/share)	13.2	19.4	18.8	42.4	(3.1)	
Bank of Baroda						
Net interest income	40,023	47,432	49,294	23.2	3.9	We expect 23% yoy NII growth on the back of 12-13% yoy in loan growth. NIM to be unchanged qoq at 2.7%. Treasury gains to be lower qoq.
Pre-provision profit	26,655	35,385	34,913	31.0	(1.3)	
Fee income	9,850	8,360	8,758	(11.1)	4.8	
Treasury income (net)	(1,620)	10,430	(2,910)	79.6	(127.9)	We expect fresh slippages at <2% as there are no major accounts pending (most of IL&FS subsidiaries reported in 3QFY19). Provision coverage ratio to improve qoq. Progress of the merger would be discussed.
Loan-loss provisions	70,525	34,160	11,217	(84.1)	(67.2)	
Adjusted PAT	(31,023)	4,712	14,559	NM	208.9	
EPS (Rs/share)	(58.5)	8.9	27.5	NM	208.9	
Canara Bank						
Net interest income	29,876	38,138	33,421	11.9	(12.4)	We expect 13% yoy loan growth but ~20 bps qoq decline in NIM (one-off) to 2.4% leading to PPoP growth of 32% yoy. Operating expenses growth should not have any negative surprises.
Pre-provision profit	17,647	23,572	23,283	31.9	(1.2)	
Fee income	2,430	2,200	3,358	38.2	52.6	
Treasury income (net)	(5,750)	7,950	(110)	(98.1)	(101.4)	
Loan-loss provisions	84,330	27,327	18,372	(78.2)	(32.8)	We expect slippages of ~4% of loans and mostly from non-corporate loans but NPL decline would be slower as there were no major resolutions during the quarter. Provision coverage ratio to improve qoq.
Adjusted PAT	(48,598)	3,175	(2,073)	(95.7)	(165.3)	
EPS (Rs/share)	(66.3)	4.3	(2.8)	(95.7)	(165.3)	
Cholamandalam						
Net interest income	8,915	8,750	8,978	0.7	2.6	5% qoq loan growth (moderation from 10% qoq in 4QFY18) and 20 bps qoq NIM compression to 6.9% will drive 3% qoq growth in NII.
Pre-provision profit	5,125	5,592	5,656	10.4	1.1	
Loan-loss provisions	737	950	1,110	50.7	16.8	
Adjusted PAT	2,911	3,051	2,991	2.8	(2.0)	Gross stage-3 loans will decline qoq in line with seasonal trends. Operating expenses will remain stable qoq at 2.6% of assets.
EPS (Rs/share)	18.8	19.5	19.1	1.8	(1.7)	
City Union Bank						
Net interest income	3,679	4,181	4,290	16.6	2.6	We expect loan growth at ~17% yoy for the quarter. NII growth to be marginally lower than loan growth at 15% yoy. NIM will remain stable qoq at 4.4%.
Pre-provision profit	2,943	3,069	3,244	10.2	5.7	
Fee income	680	712	719	5.8	1.0	
Treasury income (net)	154	208	231	50.5	11.1	We expect gross NPLs at <3%; slippages are expected at 2% of loans, mostly from small-ticket loans.
Loan-loss provisions	550	730	601	9.3	(17.6)	
Adjusted PAT	1,521	1,781	1,795	18.0	0.8	
EPS (Rs/share)	2.3	2.4	2.5	7.2	0.8	
DCB Bank						
Net interest income	2,637	2,936	3,054	15.8	4.0	We expect 13% yoy revenue growth on the back of 16% yoy NII growth and 23% yoy loan growth. NIM is unchanged qoq but there is some easing of pressure (portfolio level) on product segments, which compete with NBFCs. Cost of deposits has increased this quarter. Performance in LAP would be the key monitorable given intense competition and pricing pressure.
Pre-provision profit	1,416	1,738	1,692	19.5	(2.6)	
Fee income	770	776	770	0.1	(0.7)	
Treasury income (net)	42	112	48	14.0	(57.2)	
Loan-loss provisions	349	425	349	(0.1)	(17.9)	
Adjusted PAT	642	861	868	35.1	0.8	We expect slow PAT growth at 35% yoy partly on operating leverage. RoE progression for 4QFY19 and commentary for FY2020 would be the key monitorable.
EPS (Rs/share)	2.1	2.7	2.8	32.4	0.7	
Equitas Holdings						
Net interest income	2,485	3,203	3,563	43.4	11.3	We expect AUM growth of ~40% yoy (similar to 3QFY19). NIM was stable qoq at 9%. Operating expenses are likely to be flat yoy resulting in an improvement in cost-income ratio to ~60% from 75% in 4QFY18.
Pre-provision profit	675	1,225	1,636	142.4	33.6	
Loan-loss provisions	138	243	438	217.1	80.4	We expect impairment ratios to show further improvement with gross NPLs <3% on the back of loan growth and normalized slippages trends. Commentary on the listing would be a key monitorable.
Adjusted PAT	350	625	731	109.2	16.9	
EPS (Rs/share)	1.0	1.8	2.1	109.2	17.2	
Federal Bank						
Net interest income	9,332	10,773	11,268	20.7	4.6	We expect loan growth to be solid at 24% yoy (trends similar to the previous two years) aided by strong momentum in the retail business and SME business. NIM will show marginal improvement qoq to 3.2%.
Pre-provision profit	5,886	7,078	6,988	18.7	(1.3)	
Treasury income (net)	(865)	900	(50)	(94.2)	(105.6)	
Loan-loss provisions	2,630	2,200	1,954	(25.7)	(11.2)	We expect slippages at 2% of loans though we wait to see if there is further stress from Kerala floods. RoA progression closer to 1% by 4QFY19 would be a key monitorable.
Adjusted PAT	1,450	3,336	3,407	135.0	2.1	
EPS (Rs/share)	1.5	3.4	3.4	132.6	1.9	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	qoq	Comments
HDFC						
Net interest income	30,641	28,711	28,809	(6.0)	0.3	We expect retail loan growth at 5% qoq in 4QFY19 from 3% qoq in 3QFY19; wholesale loan book will likely remain flat qoq.
Pre-provision profit	36,972	29,848	38,535	4.2	29.1	
Adjusted PAT	28,462	21,138	27,393	(3.8)	29.6	Rise in incremental funding cost will likely lead to 10 bps NIM compression qoq. Large capital gains from stake sale in Gruh Finance and dividend income from subsidiaries will drive qoq growth in earnings.
EPS (Rs/share)	17.0	12.3	16.0	(5.8)	30.1	
HDFC Bank						
Net interest income	106,577	125,768	131,057	23.0	4.2	We expect NII as well as loan growth at ~22% yoy. Growth in unsecured loans will remain high while auto loan growth may witness a slowdown. Fee income growth from MFs will be slower yoy due to changes in regulations.
Pre-provision profit	88,357	107,784	106,897	21.0	(0.8)	
Fee income	33,297	36,468	37,447	12.5	2.7	
Treasury income (net)	(220)	4,740	920	NM	(80.6)	
Loan-loss provisions	12,859	20,570	23,895	85.8	16.2	We expect stable gross NPL ratio (1.5% of loans) qoq. Rise in credit costs, especially from rural loans, would be a key monitorable.
Adjusted PAT	47,993	55,859	57,846	20.5	3.6	
EPS (Rs/share)	18.5	20.5	21.4	15.5	4.0	
ICICI Bank						
Net interest income	60,217	68,753	72,029	19.6	4.8	We expect core earnings (base quarter had listing gains of ICICI Securities) trajectory to remain strong led by recovery in loan growth (~15% yoy) and better NII growth (20% yoy) and decline in credit costs. Slippages will be sharply lower at ~<2% of loans and NIM will be stable qoq at 3.4%.
Pre-provision profit	75,140	61,464	63,524	(15.5)	3.4	
Fee income	27,550	30,620	32,040	16.3	4.6	
Treasury income (net)	26,850	4,790	2,900	(89.2)	(39.5)	
Loan-loss provisions	66,258	42,442	23,526	(64.5)	(44.6)	We expect reduction in gross NPLs on the back of resolution as well as write-offs. 'Watchlist' loans will decline qoq and provision coverage ratio will improve qoq.
Adjusted PAT	10,200	16,049	28,517	179.6	77.7	
IIFL Holdings						
Net sales	17,636	18,220	18,583	5.4	2.0	We expect loan book to remain flat qoq; NIM will likely see compression of 30 bps, reflecting higher funding costs.
Adjusted PAT	2,483	1,684	1,625	(34.5)	(3.5)	
EPS (Rs/share)	7.8	5.3	5.1	(34.5)	(3.5)	Broking income will likely increase 15% yoy, in line with growth in cash market volumes on BSE and NSE. Wealth management income will likely bounce back to 30% qoq growth on a subdued base.
IndusInd Bank						
Net interest income	20,076	22,881	23,633	17.7	3.3	We expect strong loan growth at ~25% yoy in 4QFY19. Growth in vehicle financing and MFI portfolio will be the key monitorables for the quarter. Revenue growth would be slower as pressure on NIM (yoy) would be quite high. We expect slower fee income growth due to change in fee structure on wealth management products.
Pre-provision profit	17,694	21,170	18,231	3.0	(13.9)	
Fee income	11,135	12,660	12,175	9.3	(3.8)	
Treasury income (net)	950	2,030	310	(67.4)	(84.7)	
Loan-loss provisions	2,820	5,610	10,434	270.0	86.0	We expect the bank to make high provisions for their IL&FS exposure, which has been impaired. We are building an additional provision of Rs7 bn this quarter.
Adjusted PAT	9,531	9,850	5,995	(37.1)	(39.1)	
EPS (Rs/share)	15.9	16.4	10.0	(37.1)	(39.0)	
J&K Bank						
Net interest income	6,558	8,816	8,969	36.8	1.7	Loan growth within J&K will be healthy and overall loan growth will be ahead of industry trends at ~18% yoy. NIM will be stable qoq at 3.9%.
Pre-provision profit	2,665	4,249	4,445	66.8	4.6	
Fee income	485	488	494	2.0	1.2	
Treasury income (net)	(503)	(62)	(38)	(92.4)	(38.3)	We expect fresh impairment ratios to decline sharply as the bulk of the IL&FS exposure was reported as gross NPLs in 3QFY19. Movement of the restructured loan (6% of loans) would be the key monitorable; we continue to expect a decline in this ratio.
Loan-loss provisions	3,353	2,386	2,651	(20.9)	11.1	
Adjusted PAT	284	1,038	884	211.3	(14.8)	
EPS (Rs/share)	0.5	1.9	1.6	211.3	(14.8)	
Karur Vysya Bank						
Net interest income	6,429	5,808	5,948	(7.5)	2.4	We expect sharp fall in earnings on the back of higher provisions for bad loans and slower revenue growth. Loan growth will remain sluggish at 3% yoy.
Pre-provision profit	4,797	4,250	4,355	(9.2)	2.5	
Fee income	1,909	1,896	2,239	17.3	18.1	
Treasury income (net)	(250)	580	(270)	8.0	(146.6)	
Loan-loss provisions	3,810	4,320	3,569	(6.3)	(17.4)	We expect slippages to be higher qoq at >5% of loans, which is mostly coming from its SME exposure; the same was guided by the bank in the previous quarter.
Adjusted PAT	506	212	14	(97.1)	(93.2)	
EPS (Rs/share)	4.1	1.7	0.1	(97.1)	(93.2)	
LIC Housing Finance						
Net interest income	10,036	10,843	10,194	1.6	(6.0)	We expect NII to decline 6% qoq due to 20 bps NIM compression to 2.2% reflecting increase in marginal funding cost, even as loan growth will likely be strong at 6% qoq, up from 3% qoq in 3QFY19.
Pre-provision profit	8,669	9,921	9,093	4.9	(8.3)	
Loan-loss provisions	281	1,325	943	235.1	(28.8)	
Adjusted PAT	5,393	5,963	5,726	6.2	(4.0)	Provisions will decline by 30% qoq as recoveries typically pick up in 4QFY19.
EPS (Rs/share)	10.7	11.8	11.3	6.2	(4.0)	
Mahindra & Mahindra Financial						
Net interest income	13,050	12,040	12,328	(5.5)	2.4	We forecast 4% qoq loan growth, down from 6% in 3QFY19, reflecting slowdown in auto sales.
Pre-provision profit	8,261	7,444	7,617	(7.8)	2.3	
Loan-loss provisions	1,572	2,247	1,765	12.2	(21.5)	
Adjusted PAT	4,245	3,186	3,783	(10.9)	18.7	Increase in incremental funding costs will drive 50 bps qoq NIM compression to 8%; strong recoveries will reduce credit cost/AUM ratio by 40 bps to 1.1%.
EPS (Rs/share)	7.5	5.6	6.7	(10.9)	18.7	
Magma Fincorp						
Net interest income	3,645	3,378	3,317	(9.0)	(1.8)	We expect 2% qoq decline in NII on the back of 2% qoq loan growth and 20 bps qoq NIM compression to 7.9% reflecting increase in marginal cost of funding.
Pre-provision profit	1,838	1,721	1,674	(8.9)	(2.7)	
Loan-loss provisions	1,058	525	484	(54.3)	(7.9)	Cost/income ratio will likely remain stable at 50% qoq; strong recoveries will drive 15 bps qoq reduction in credit costs/AUM ratio.
Adjusted PAT	714	740	848	18.7	14.6	
EPS (Rs/share)	3.0	3.1	3.6	18.7	14.6	

Source: Companies, Kotak Institutional Equities estimates

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

				Change (%)		
	Mar-18	Dec-18	Mar-19E	yoy	qoq	Comments
Muthoot Finance						
Net interest income	10,728	10,939	11,307	5.4	3.4	We expect qoq loan growth to bounce back to 4% (1% qoq in 3QFY19 and 4% in 2QFY19).
Pre-provision profit	7,920	7,843	7,530	(4.9)	(4.0)	
Loan-loss provisions	596	19	204	(65.8)	973.2	
Adjusted PAT	4,514	4,852	4,541	0.6	(6.4)	NIM will likely increase 20 bps qoq to 13.7%; operating expenses/AUM ratio will likely increase 50 bps qoq to 4.8% reflecting investments in growth.
EPS (Rs/share)	11.3	12.1	11.4	0.6	(6.4)	
PNB Housing Finance						
Net interest income	4,516	3,538	3,560	(21.2)	0.6	We expect PNBHF to deliver 7% qoq growth in 4QFY19 (37% yoy) versus 9% qoq growth in 3QFY19.
Pre-provision profit	3,865	3,586	3,777	(2.3)	5.3	
Loan-loss provisions	444	701	722	62.5	3.0	
Tax	1,231	1,386	1,011	(17.8)	(27.0)	We model 10 bps qoq NIM compression to 1.95% to reflect increase in incremental funding costs; expenses-to-assets ratio will likely remain stable qoq.
Adjusted PAT	2,190	1,499	2,043	(6.7)	36.3	
EPS (Rs/share)	13.2	9.0	12.3	(6.7)	36.3	
Punjab National Bank						
Net interest income	30,634	42,901	44,698	45.9	4.2	We expect losses to be higher as a result of the recent capital infusion, which allows them to improve coverage. Gross NPLs will decline on the back of higher recoveries from NCLT cases as well as write-offs due to ageing of NPLs.
Pre-provision profit	(4,474)	30,999	47,822	NM	54.3	
Fee income	9,060	9,050	9,540	5.3	5.4	
Treasury income (net)	(4,100)	9,090	19,050	NM	109.6	
Loan-loss provisions	144,100	25,658	87,155	(39.5)	239.7	We expect strong growth in treasury income as they have sold a part of their stake in PNB Housing Finance. We expect loans to decline yoy but stable NIM qoq at 2.4%.
Adjusted PAT	(134,169)	2,465	(27,002)	(79.9)	(1,195.4)	
EPS (Rs/share)	(48.6)	0.6	(6.0)	(87.7)	(1,022.6)	
RBL Bank						
Net interest income	5,005	6,551	6,938	38.6	5.9	We expect solid NII growth (~40% yoy) on the back of healthy loan growth (33% yoy) driven by robust traction in the cards and MFI business.
Pre-provision profit	3,831	4,985	5,190	35.5	4.1	
Treasury income (net)	420	277	72	(82.8)	(73.8)	
Loan-loss provisions	740	1,500	1,196	61.6	(20.3)	We expect high operating expense growth (~35% yoy) due to the cards business. RoE progression to ~14% for 4QFY19 and the commentary on FY2020 RoE would be a key monitorable.
Adjusted PAT	1,781	2,252	2,542	42.7	12.9	
EPS (Rs/share)	4.7	6.0	6.8	42.7	12.9	
Shriram City Union Finance						
Net interest income	8,118	9,100	9,609	18.4	5.6	Improving liquidity and access to bank loans will support 6% qoq loan growth (3% qoq decline in 3QFY19) and 50 bps qoq NIM expansion to 12.9%.
Loan-loss provisions	4,122	1,340	2,252	(45.4)	68.0	
Adjusted PAT	471	2,590	2,233	374.6	(13.8)	We expect cost/income to remain stable at 40%.
EPS (Rs/share)	7.1	39.3	33.9	374.6	(13.8)	
Shriram Transport						
Net interest income	18,076	20,337	19,799	9.5	(2.6)	We expect loan growth at 4% qoq in 4QFY19 from 1% qoq decline in 3QFY19 aided by improvement in the liquidity environment; however, rise in marginal funding costs will put pressure on NIM.
Pre-provision profit	15,599	16,202	15,747	0.9	(2.8)	
Loan-loss provisions	13,666	6,362	6,112	(55.3)	(3.9)	
Adjusted PAT	1,446	6,355	6,323	337.3	(0.5)	We expect credit costs to fall 15 bps qoq to 2.3%.
EPS (Rs/share)	6.4	28.0	27.9	337.3	(0.5)	
State Bank of India						
Net interest income	199,743	226,910	236,544	18.4	4.2	We expect loan growth at ~12% yoy and NIM unchanged qoq at ~2.8%. Non-interest income growth will remain muted due to lower fee income growth but partly offset by higher income from written-off loans.
Pre-provision profit	158,829	126,250	179,689	13.1	42.3	
Fee income	84,300	47,240	71,320	(15.4)	51.0	
Treasury income (net)	(38,200)	84,190	(1,360)	(96.4)	(101.6)	
Loan-loss provisions	240,801	139,710	80,525	(66.6)	(42.4)	Slippages will decline to <2.5% as recognition is complete while gross NPLs could decline with resolution/NPL sales to ARCs. Provisions would be high due to ageing of NPLs (provision to steel exposure is at 50%).
Adjusted PAT	(77,185)	39,548	67,594	NM	70.9	
EPS (Rs/share)	(8.6)	4.4	7.6	NM	70.9	
Ujjivan Financial Services						
Net interest income	2,109	2,550	2,801	32.8	9.8	We expect Ujjivan to report strong PAT growth on a low base. AUM growth is expected to be ~35-40% yoy driven by strong performance in MFI, housing space and SME financing.
Loan-loss provisions	347	70	161	(53.5)	130.4	
Adjusted PAT	648	452	535	(17.4)	18.4	
EPS (Rs/share)	5.4	3.8	4.5	(17.4)	18.4	We expect cost ratios to be high as transition to a bank continues but we expect a sharp slowdown post 4QFY19.
Union Bank						
Net interest income	21,931	24,942	25,902	18.1	3.9	We expect NII growth at 6% yoy driven by 4% yoy loan growth. We expect NIM to improve 10 bps qoq to 2.3% in 4QFY19.
Pre-provision profit	7,694	23,014	16,565	115.3	(28.0)	
Fee income	11,270	6,600	6,008	(46.7)	(9.0)	
Treasury income (net)	(9,880)	6,610	(139)	(98.6)	(102.1)	
Loan-loss provisions	54,560	21,390	29,947	(45.1)	40.0	We expect slippages to fall to <3% of loans but recoveries would be higher on the back of resolutions and write-offs. GNPLs will decline in 4QFY19 on a qoq basis.
Adjusted PAT	(25,834)	1,532	(14,377)	(44.4)	(1,038.4)	
EPS (Rs/share)	(22.1)	1.3	(8.5)	(61.5)	(748.8)	
YES Bank						
Net interest income	21,542	26,664	25,590	18.8	(4.0)	We expect loan growth to decelerate to ~15% from ~40% (base effect as well as the bank is in a stage of transition). Revenue pressure will remain high due to weak fee income growth (sharp decline) and NIM pressure (higher funding costs).
Pre-provision profit	21,354	19,904	19,374	(9.3)	(2.7)	
Fee income	13,265	9,500	9,357	(29.5)	(1.5)	
Treasury income (net)	945	(592)	572	(39.5)	NM	
Loan-loss provisions	2,946	7,913	5,790	96.5	(26.8)	Asset quality ratios could see marginal deterioration (lumpy corporate exposure) though divergence was nil. Commentary from the new MD & CEO would be crucial to understand his views on the bank and steps taken to change its business model.
Adjusted PAT	11,794	10,019	8,532	(27.7)	(14.8)	
EPS (Rs/share)	25.8	21.9	18.7	(27.7)	(14.8)	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	qoq	Comments
Building products						
Astral Poly Technik						
Net sales	6,388	6,337	7,610	19.1	20.1	We expect 19% yoy growth in revenues driven by growth in pipes volumes, higher realizations and robust growth in adhesives business.
EBITDA	1,183	937	1,413	19.4	50.8	
EBIT	1,031	735	1,241	20.3	68.9	
PBT	1,012	693	1,230	21.6	77.7	
Reported PAT	664	523	799	20.4	52.6	We expect EBITDA margins to remain steady yoy at 18.6%, as likely improvement in gross margins will be offset by higher operating costs.
Extraordinaries	(48.7)	66.0	(66.6)	36.8	(200.9)	
Adjusted PAT	664	523	799	20.4	52.6	
EPS (Rs/share)	5.5	4.4	6.7	20.4	52.6	
EBITDA margin (%)	18.5	14.8	18.6	4 bps	378 bps	
Capital Goods						
ABB						
Net sales	25,255	19,663	17,237	(31.7)	(12.3)	In robotics and motion segment, we expect ~8% growth rate for 1QCY19 on a high base as the segment had grown 28% yoy in 1QCY18, leading to a healthy 18% 2-year CAGR. In electrification products and industry automation, we expect 12-13% growth rate driven by the opening order backlog as of end-CY2018, which was up 12-14% for both these segments, driven by robust inflows in infrastructure and transportation verticals. Power grids segment has been classified as discontinued operations and thus reported yoy revenue is not comparable. Like-for-like revenue growth would be 9% yoy in 1QCY19.
EBITDA	1,890	2,154	1,205	(36.2)	(44.1)	
EBIT	1,533	1,916	959	(37.5)	(49.9)	
PBT	1,571	2,023	1,189	(24.3)	(41.2)	
Reported PAT	1,025	1,979	1,243	21.3	(37.2)	
Extraordinaries	—	693	470	—	(32.1)	Over CY2018 levels, we model 50 bps improvement in EBIT margin across all the segments driven by operating leverage benefits as well as appreciation in INR versus USD, which will prove beneficial for ABB India being a net importer company. We arrive at an overall EBITDA margin of 7% for the quarter.
Adjusted PAT	1,025	1,979	1,243	21.3	(37.2)	
EPS (Rs/share)	4.8	9.3	5.9	21.3	(37.2)	
EBITDA margin (%)	7.5	11.0	7.0	-50 bps	-397 bps	
Ashoka Buildcon						
Net sales	7,023	10,651	9,972	42.0	(6.4)	In line with the management guidance, we model Rs35 bn of standalone revenues in FY2019, driving the strong 42% yoy growth in 4QFY19, similar to 44% growth reported in 9MFY19. As the remaining four HAM projects receive appointed date over the coming months, FY2020 will see acceleration in execution.
EBITDA	808	1,488	1,258	55.8	(15.4)	
EBIT	663	1,286	1,047	57.9	(18.6)	
PBT	1,163	1,301	1,040	(10.5)	(20.0)	
Reported PAT	1,054	622	599	(43.2)	(3.7)	We model FY2019 standalone EBITDA margin of 13.1%, similar to 13.3% reported in 9MFY19, implying a modest sequential margin decline in 4QFY19. Such quarterly margin variations are a normal part of business for EPC companies driven by job mix and project execution stage.
Extraordinaries	—	(398)	—	—	—	
Adjusted PAT	1,054	622	599	(43.2)	(3.7)	
EPS (Rs/share)	3.7	2.2	2.1	(43.2)	(3.7)	
EBITDA margin (%)	11.5	14.0	12.6	111 bps	-136 bps	
BHEL						
Net sales	101,470	73,364	116,476	14.8	58.8	We expect ~14% revenue growth in power segment for 4QFY19 led by a healthy opening backlog that was up 15% yoy. The fourth quarter is a seasonally strong quarter and we anticipate BHEL accelerating execution also in order to meet the revenue target as per the MoU signed with the government. Order inflow in power segment, however, will likely remain under 5 GW for FY2019. Opening backlog in Industry segment was also up 37% yoy and we expect it to drive >20% revenue growth in 4QFY19.
EBITDA	12,316	2,187	7,805	(36.6)	256.8	
EBIT	10,145	1,063	6,629	(34.7)	523.6	
PBT	11,399	2,751	7,843	(31.2)	185.1	
Reported PAT	4,572	1,920	5,103	11.6	165.9	We expect overall EBITDA margin of ~7% in 4QFY19, sharply down yoy as 4QFY18 had unsustainably low raw material costs. We assume RM cost of 58% of sales for FY2019 (vs 56% in FY2018 and 59% in 9MFY19). After 1QFY19, power segment backlog has declined indicating accelerated execution pace. With a five-year execution period, even newly started projects would cross the 10% margin recognition threshold in three quarters and thus 4QFY19E may see some uptick on gross margin vis-a-vis 9MFY19. We expect industry segment margin to be stable at 4-5% range.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	4,572	1,920	5,103	11.6	165.9	
EPS (Rs/share)	1.3	0.6	1.5	11.6	165.9	
EBITDA margin (%)	12.1	3.0	6.7	-544 bps	371 bps	
Carborundum Universal						
Net sales	6,495	6,929	7,493	15.4	8.1	We expect a sustainable 12% growth in standalone abrasives segment in FY2019. Ceramic and electrominerals are expected to fare better with 24% and 17% growth in the year. 9MFY19 growth has been robust across the three segments to support these assumptions. On a consolidated basis, we arrive at 15% revenue growth in 4QFY19.
EBITDA	1,158	1,032	1,408	21.6	36.4	
EBIT	882	762	1,121	27.1	47.0	
PBT	904	810	1,168	29.3	44.2	
Reported PAT	658	581	734	11.6	26.4	We expect abrasives and ceramics segments to improve margins by 50-100 bps led by operating leverage benefits from robust growth and good margin uptick in EMD segment due to ramp-up of relocated capacities and normalization in power cost. On a consolidated level, we expect yoy flat EBITDA margin of 17% in FY2019E, implying a higher 19% margin for the quarter.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	658	581	734	11.6	26.4	
EPS (Rs/share)	3.5	3.1	3.9	11.6	26.4	
EBITDA margin (%)	17.8	14.9	18.8	96 bps	389 bps	
Cochin Shipyard						
Net sales	6,006	7,164	5,436	(9.5)	(24.1)	Based on the current order book visibility and execution phasing, we expect 15% revenue growth in FY2019E including 10% growth in shipbuilding and a stronger 30% growth in ship repair segment. These annual estimates imply a 9% yoy decline in 4QFY19E revenues. Such volatility is a normal feature of shipbuilding business.
EBITDA	1,151	1,585	780	(32.2)	(50.8)	
EBIT	1,061	1,499	625	(41.1)	(58.3)	
PBT	1,416	1,970	1,367	(3.4)	(30.6)	
Reported PAT	916	1,297	894	(2.4)	(31.1)	
Extraordinaries	—	—	—	—	—	We model EBITDA margin of 20% for FY2019E, up 30 bps yoy driven by operating leverage and growth in high-margin ship repair segment. This will again imply margin weakness in 4QFY19E and such quarterly volatility is a normal feature of the business.
Adjusted PAT	916	1,297	894	(2.4)	(31.1)	
EPS (Rs/share)	7.0	9.9	6.8	(2.4)	(31.1)	
EBITDA margin (%)	19.2	22.1	14.4	-481 bps	-777 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	qoq	Comments
Cummins India						
Net sales	12,332	15,038	13,980	13.4	(7.0)	With management's increased guidance on domestic business, we model 15% domestic growth for FY2019, implying a strong 22% domestic growth in 4QFY19 on low base (2-year CAGR of 8%). Domestic growth will be driven by industrial (+27%) and powergen (+20%). We model 8% growth in exports for the full year implying 8% decline in 4QFY19E. The management had indicated exports decline in this quarter in the last earnings call.
EBITDA	1,731	2,269	2,268	31.0	(0.1)	
EBIT	1,458	1,990	1,965	34.7	(1.3)	
PBT	2,088	2,704	2,639	26.4	(2.4)	
Reported PAT	1,613	1,873	1,892	17.3	1.0	
Extraordinaries	(20)	—	—	—	—	We expect stable EBITDA margin of 16% in 4QFY19 led by stable raw material cost at 63% of sales. Weak exports and domestic competitive pressures are unlikely to allow margin to expand in the near term.
Adjusted PAT	1,633	1,873	1,892	15.9	1.0	
EPS (Rs/share)	5.9	6.8	6.8	15.9	1.0	
EBITDA margin (%)	14.0	15.1	16.2	218 bps	112 bps	
Dilip Buildcon						
Net sales	25,579	24,872	28,121	9.9	13.1	We expect a modest 10% revenue growth in 4QFY19E on the back of management's guidance of ~Rs100 bn revenues in FY2019E. Roads and bridges segment will continue to account for a majority 88% share of revenues. Newly won long-term mining contracts will start reflecting in financials from 1QFY20 onwards.
EBITDA	4,726	4,407	5,308	12.3	20.4	
EBIT	4,000	3,602	4,481	12.0	24.4	
PBT	2,782	2,213	3,201	15.1	44.6	
Reported PAT	2,174	2,069	2,911	33.9	40.7	
Extraordinaries	(152)	—	422	NM	—	We model 19% EBITDA margin in 4QFY19E as 4Q is a seasonally strong quarter providing operating leverage benefits.
Adjusted PAT	2,326	2,069	2,489	7.0	20.3	
EPS (Rs/share)	17.0	15.1	18.2	7.0	20.3	
EBITDA margin (%)	18.5	17.7	18.9	40 bps	115 bps	
IRB Infrastructure						
Net sales	13,822	16,885	19,463	40.8	15.3	We expect a strong 57% growth in construction revenues in 4QFY19E on a low base of 4QFY18 (2-year CAGR 15%), supported by start of newly won HAM projects. In BOT, we expect 13% revenue growth as we have seen a strong 18% growth in toll revenues in 9MFY19 indicating robust traffic trends on IRB's road stretches.
EBITDA	6,588	7,604	8,247	25.2	8.5	
EBIT	5,436	6,283	6,944	27.7	10.5	
PBT	3,845	3,882	4,801	24.9	23.7	
Reported PAT	1,941	2,189	3,704	90.8	69.2	We model a steady FY2019E margin of 24% in construction segment and 88% in BOT segment driving our 4QFY19E estimates. We highlight here that construction segment margin varies from quarter to quarter depending on execution stage and job mix. In a road construction cycle, initial period has low-margin work compared to high-margin top-layer work. Start of new projects in 4QFY19E may thus affect construction margin.
Extraordinaries	(457)	—	558	NM	—	
Adjusted PAT	2,398	2,189	3,146	31.2	43.7	
EPS (Rs/share)	6.8	6.2	9.0	31.2	43.7	
EBITDA margin (%)	47.7	45.0	42.4	-530 bps	-267 bps	
Kalpataru Power Transmission						
Net sales	19,314	17,247	23,127	19.7	34.1	Robust KPTL order backlog of Rs142 bn at the end of 3QFY19 led the management to increase full-year growth guidance to 20%. Based on 9MFY19 performance, we arrive at a similar 20% yoy revenue growth for 4QFY19E as well. The growth will be led by ~18% growth in T&D and a higher 27% growth in Infrastructure segment. T&D order book is well-diversified across PGCIL, SEBs and private customers in the domestic market and various countries in the international market. T&D growth is thus unlikely to be constrained by PGCIL ordering slowdown. Railways and pipeline business is expected to continue to ramp up.
EBITDA	2,092	1,839	2,472	18.2	34.5	
EBIT	1,900	1,608	2,217	16.7	37.8	
PBT	1,699	1,412	1,961	15.4	38.9	
Reported PAT	1,048	920	1,273	21.4	38.3	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,048	920	1,273	21.4	38.3	We model EBITDA margin of 10.7% in 4QFY19E, flat qoq. With low-cost India manufacturing base (also cited for synergies in recent acquisition of Linjemontage i Grastorp AB), RM cost is unlikely to deteriorate from current levels, thereby stabilizing margin.
EPS (Rs/share)	6.8	6.0	8.3	21.4	38.3	
EBITDA margin (%)	10.8	10.7	10.7	-14 bps	2 bps	
KEC International						
Net sales	36,642	26,466	42,663	16.4	61.2	We expect a strong 16% yoy consolidated revenue growth in 4QFY19E led by 28% growth in T&D and a sharp 46% growth in railways business. Growth in T&D is expected from start of recently won projects in Brazil in SAE Towers. Growth in railways is expected from rapid ramp-up of the division as the opening order backlog for the quarter was up 144% yoy.
EBITDA	3,699	2,814	4,490	21.4	59.6	
EBIT	3,424	2,505	4,154	21.3	65.8	
PBT	2,894	1,684	3,436	18.7	104.1	
Reported PAT	1,963	1,124	2,188	11.5	94.7	
Extraordinaries	—	15	(45)	—	(405.5)	We expect a steady EBITDA margin of 10.5% in the quarter, up 50 bps yoy and flat qoq. Working capital will be the key variable to monitor for payments from Saudi Arabia and support from customer advances on the large order book.
Adjusted PAT	1,963	1,109	2,233	13.7	101.3	
EPS (Rs/share)	7.6	4.3	8.7	13.7	101.3	
EBITDA margin (%)	10.1	10.6	10.5	42 bps	-11 bps	
L&T						
Net sales	406,781	357,089	456,063	12.1	27.7	We expect 13% growth in core EPC execution in 4QFY19, leading to ~17% growth for the full year in core EPC. Infrastructure segment will report a modest ~8% revenue growth in line with opening backlog that was up 9% yoy. The biggest growth driver is expected to be the hydrocarbon segment, growing 28% yoy in the quarter continuing the robust performance from 9MFY19 (+32%) on the back of strong order inflows that constituted 16% share of core E&C order inflows in 9MFY19. Among other segments, heavy engineering will likely report high double-digit growth, E&A will sustain 10-11% growth and power segment will see another quarter of decline based on our analysis of order book.
EBITDA	53,905	39,963	65,501	21.5	63.9	
EBIT	48,981	35,474	59,620	21.7	68.1	
PBT	49,128	36,189	61,213	24.6	69.1	
Reported PAT	31,675	20,416	36,379	14.9	78.2	
Extraordinaries	—	—	(428)	—	—	We expect core E&C business to report EBITDA margin of 13.5% in 4QFY19E in a seasonally strong quarter that provides operating leverage benefits. This margin will also improve FY2019E core E&C margin by 25 bps as guided by the management. Among individual segments, margin remains a function of job mix and execution stage. We nonetheless expect the key infrastructure segment to report improved margin of 14.4% in the quarter, up ~100 bps yoy.
Adjusted PAT	31,675	20,416	36,807	16.2	80.3	
EPS (Rs/share)	22.6	14.6	26.3	16.2	80.3	
EBITDA margin (%)	13.3	11.2	14.4	111 bps	317 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
Siemens						
Net sales	32,834	28,071	36,554	11.3	30.2	Even though Siemens may exhaust through some of the large orders won last year, base order inflow remains robust. We thus model a healthy 11% revenue growth in 2QFY19E for Siemens. The growth will be driven by energy management, Digital Factory and process industries and drives segments.
EBITDA	3,228	3,065	4,061	25.8	32.5	
EBIT	2,738	2,533	3,554	29.8	40.3	
PBT	3,366	3,408	4,177	24.1	22.6	
Tax	1,169	1,128	1,458	24.7	29.2	
Reported PAT	2,197	2,280	2,719	23.8	19.3	We expect EBITDA margin of 11% for the quarter, flat qoq, led by margin improvement achieved by power & gas and energy management segments in the last quarter.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,197	2,280	2,719	23.8	19.3	
EPS (Rs/share)	6.2	6.4	7.6	23.8	19.3	
EBITDA margin (%)	9.8	10.9	11.1	127 bps	19 bps	
Sadbhav Engineering						
Net sales	11,045	9,255	12,302	11.4	32.9	We expect 11% yoy revenue growth in 4QFY19E as the company expected to start work on three projects, Mumbai-Nagpur, Kim-Ankleshwar and Chitradurga branch-canal cumulatively worth Rs29 bn during this quarter. Our FY2019E revenue estimate of Rs37.5 bn is lower than the management guidance of Rs38-39 bn.
EBITDA	1,240	1,108	1,448	16.8	30.7	
EBIT	1,004	867	1,202	19.7	38.7	
PBT	698	703	865	23.9	23.0	
Reported PAT	698	563	789	13.0	40.3	
Extraordinaries	—	—	—	—	—	We expect sequentially flat EBITDA margin of 11.8% in the quarter. Key monitorable this quarter will be progress on de-leveraging as weak traffic levels in SIPL projects have hampered its repayment of related party debt to SEL.
Adjusted PAT	698	563	789	13.0	40.3	
EPS (Rs/share)	4.1	3.3	4.6	13.0	40.3	
EBITDA margin (%)	11.2	12.0	11.8	54 bps	-20 bps	
Thermax						
Net sales	14,430	14,366	16,784	16.3	16.8	Consolidated energy segment revenues for FY2019E are based on 62% bill-to-book ratio on regular backlog and phased execution of one-time large Dangote order. We thus arrive at 15% revenue growth in energy segment for the quarter. FY2019E estimate for environment segment has also been calculated based on 76-77% bill-to-book ratio yielding 7% segmental revenue growth in the quarter. We expect chemical segment to grow 25% yoy in FY2019E as it remains in the ramp-up phase. Overall, we expect a healthy 16% consolidated revenue growth for Thermax in 4QFY19.
EBITDA	1,382	1,073	1,547	11.9	44.1	
EBIT	1,143	844	1,301	13.9	54.3	
PBT	1,555	1,121	1,658	6.6	47.9	
Tax	626	463	548	(12.5)	18.4	
Reported PAT	757	750	1,117	47.6	48.9	
Extraordinaries	—	99	—	—	—	
Adjusted PAT	757	651	1,117	47.6	71.5	In a seasonally strong quarter, we expect EBITDA margin of 9.2% in the quarter, flat over FY2018 levels, partly helped by operating leverage benefits.
EPS (Rs/share)	6.7	5.8	9.9	47.6	71.5	
EBITDA margin (%)	9.6	7.5	9.2	-37 bps	174 bps	
Commercial & Professional Services						
SIS						
Net sales	15,922	18,368	19,506	22.5	6.2	We expect healthy 23% yoy revenue growth aided by healthy growth in India security and FM segments as well as inorganic contribution from Uniq and Henderson.
EBITDA	866	978	1,063	22.8	8.7	
EBIT	683	801	845	23.8	5.5	
PBT	455	612	656	44.0	7.0	
Reported PAT	369	591	598	62.0	1.2	We expect India security business margins to stabilize at 6% (+20 bps qoq), aided by sharply lower write-downs. We expect sequentially flattish margins in Australia and FM businesses.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	369	591	598	62.0	1.2	
EPS (Rs/share)	5.0	8.1	8.2	62.0	1.2	
EBITDA margin (%)	5.4	5.3	5.4	1 bps	12 bps	
Teamlease Services						
Net sales	9,775	11,722	13,395	37.0	14.3	We expect sequential associate employee headcount addition of 3,500 (lower than 3Q on account of seasonality) and steady commissions.
EBITDA	227	245	299	31.3	21.8	
EBIT	200	220	271	35.5	22.7	
PBT	200	243	304	51.8	25.0	
Reported PAT	215	252	304	41.3	20.6	We expect margin improvement in specialized staffing and HR services segments to drive overall EBITDA growth of 31% yoy.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	215	252	304	41.3	20.6	
EPS (Rs/share)	13	15	18	41.3	20.6	
EBITDA margin (%)	2.3	2.1	2.2	-10 bps	13 bps	
Commodity Chemicals						
Asian Paints						
Net sales	44,836	52,940	53,238	18.7	0.6	We model 20% yoy growth in domestic sales led by 16% volume growth and 4% price/mix-led growth.
EBITDA	8,399	10,430	10,769	28.2	3.2	
EBIT	7,485	9,276	9,547	27.6	2.9	
PBT	7,786	9,580	9,956	27.9	3.9	
Reported PAT	4,810	6,356	6,613	37.5	4.1	We expect 150 bps yoy expansion in EBITDA margin aided by easing RM costs (broadly flat gross margin on yoy basis), tight cost control and operating leverage.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	4,810	6,356	6,613	37.5	4.1	
EPS (Rs/share)	5.0	6.6	6.9	37.5	4.1	
EBITDA margin (%)	18.7	19.7	20.2	149 bps	52 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	qoq	Comments
Tata Chemicals						
Net sales	25,551	28,319	27,957	9.4	(1.3)	We expect 9% yoy growth in revenues driven by modest recovery in soda ash volumes and robust growth in consumer segment.
EBITDA	5,124	4,712	5,198	1.4	10.3	
EBIT	3,785	3,272	3,744	(1.1)	14.4	
PBT	3,668	3,260	3,523	(3.9)	8.1	
Reported PAT	3,095	2,470	2,477	(20.0)	0.3	We expect ~200 bps qoq improvement in EBITDA margins to 18.6% led by likely recovery in margins across segments from a low base of previous quarter, which was impacted by abnormally higher costs.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	3,095	2,470	2,477	(20.0)	0.3	
EPS (Rs/share)	12	10	10	(20.3)	0.3	
EBITDA margin (%)	20.1	16.6	18.6	-147 bps	195 bps	
Construction Materials						
ACC						
Net sales	35,570	37,886	39,761	11.8	4.9	We model 8% yoy growth in volumes to 7.7 mn tons (+2% qoq). We estimate realizations to increase by 2% qoq to Rs4,870/ton (+3% yoy) led by 1-5% qoq increase in cement prices in the company's key markets in South, Central and East regions.
EBITDA	4,235	3,804	5,694	34.5	49.7	
EBIT	2,761	2,261	4,136	49.8	82.9	
PBT	3,712	3,394	5,242	41.2	54.5	
Reported PAT	2,451	7,305	3,539	44.4	(51.6)	
Extraordinaries	—	5,006	—	—	—	We expect EBITDA/ton to increase by 51% qoq to Rs700/ton (+27% qoq) aided by higher realizations and lower fuel, other costs.
Adjusted PAT	2,451	2,298	3,539	44.4	54.0	
EPS (Rs/share)	13.0	12.2	18.8	44.4	54.0	
EBITDA margin (%)	11.9	10.0	14.3	241 bps	428 bps	
Ambuja Cements						
Net sales	28,626	28,633	31,553	10.2	10.2	We expect volume growth of 7% yoy to 6.7 mn tons (+9% qoq). ACEM's key markets are in North, Central and West regions where prices increased by 1-2% qoq in 4QFY19—we estimate 1% qoq increase in realization to Rs4,740/ton (+3% yoy).
EBITDA	5,071	4,039	4,615	(9.0)	14.3	
EBIT	3,679	2,674	3,243	(11.8)	21.3	
PBT	3,928	3,341	3,920	(0.2)	17.3	
Reported PAT	2,718	5,374	2,744	1.0	(48.9)	
Extraordinaries	—	2,779	—	—	—	We expect EBITDA/ton to increase by 5% qoq to Rs690 (-15% yoy) led by higher realization and lower fuel costs. The sequential increase in profitability for ACEM will be lower compared to peers due to its low presence in South markets.
Adjusted PAT	2,718	2,594	2,744	1.0	5.8	
EPS (Rs/share)	1.8	1.7	1.4	(22.0)	(18.3)	
EBITDA margin (%)	17.7	14.1	14.6	-309 bps	52 bps	
Dalmia Bharat						
Net sales	26,380	21,750	27,836	5.5	28.0	We expect 8% yoy growth in volumes to 5.6 mn tons (+25% qoq). We estimate realizations to increase by 2% qoq to Rs4,980/ton (-2% yoy) led by sharp increase in prices in South markets partially offset by marginal decline in East.
EBITDA	5,891	3,800	5,922	0.5	55.8	
EBIT	4,030	480	2,681	(33.5)	458.5	
PBT	3,146	400	2,628	(16.5)	557.0	
Reported PAT	1,837	280	1,941	5.7	593.3	
Extraordinaries	—	—	—	—	—	We expect EBITDA/ton to increase by 25% qoq to Rs1,060/ton (-7% yoy) led by higher realizations and lower fuel costs.
Adjusted PAT	1,837	280	1,941	5.7	593.3	
EPS (Rs/share)	20.7	1.5	10.1	(51.1)	593.3	
EBITDA margin (%)	22.3	17.5	21.3	-106 bps	380 bps	
Grasim Industries						
Net sales	46,056	52,929	53,363	15.9	0.8	We model (1) chemical volumes to increase by 19% yoy to 257,000 tons (+3% qoq), and (2) VSF volumes to increase by 11% yoy to 147,000 tons (+1% qoq).
EBITDA	8,447	10,526	9,766	15.6	(7.2)	
EBIT	6,594	8,599	7,819	18.6	(9.1)	
PBT	7,128	8,770	8,057	13.0	(8.1)	
Reported PAT	3,731	6,082	6,043	61.9	(0.6)	
Extraordinaries	(2,187)	—	—	—	—	We expect sequential decline in operating margins due to lower VSF and chemical prices. We estimate (1) VSF EBITDA of Rs4.7 bn (-1% qoq, +17% yoy) and (2) chemicals EBITDA of Rs4 bn (-8% qoq, -2% yoy) due to lower realizations.
Adjusted PAT	5,918	6,082	6,043	2.1	(0.6)	
EPS (Rs/share)	9.0	9.3	9.2	2.1	(0.6)	
EBITDA margin (%)	18.3	19.9	18.3	-4 bps	-159 bps	
India Cements						
Net sales	13,978	13,163	15,497	10.9	17.7	We expect 8% yoy growth in volumes to 3.3 mn tons (+12% qoq). We estimate blended realizations to increase by 5% qoq to Rs4,670/ton (+3% yoy) led by sharp increase in cement prices in South markets from February 2019.
EBITDA	1,585	1,349	2,330	47.0	72.8	
EBIT	921	717	1,692	83.6	136.1	
PBT	242	31	1,014	318.4	3,140.1	
Reported PAT	353	31	710	101.3	2,168.1	
Extraordinaries	—	—	—	—	—	We expect EBITDA/ton to increase by 54% qoq to Rs700/ton (+37% yoy) led by (1) higher realizations and (2) lower fuel costs aided by decline in pet-coke prices.
Adjusted PAT	353	31	710	101.3	2,168.1	
EPS (Rs/share)	1.1	0.1	2.3	101.3	2,168.1	
EBITDA margin (%)	11.3	10.2	15.0	369 bps	478 bps	
J K Cement						
Net sales	13,160	12,580	14,688	11.6	16.8	We expect (1) grey cement volume growth of 6% yoy to 2.5 mn tons (+18% qoq) and (2) white cement/wall-putty volume growth of 12% yoy to 0.36 mn tons (+2% qoq).
EBITDA	1,819	1,954	2,728	49.9	39.6	
EBIT	1,349	1,467	2,236	65.7	52.4	
PBT	1,321	1,173	1,815	37.5	54.7	
Reported PAT	965	609	1,271	31.7	108.6	
Extraordinaries	(91)	—	—	—	—	We expect grey cement EBITDA/ton to increase by 68% qoq to Rs570 (Rs340 in 3QFY19 as per our estimate) aided by 4% qoq increase in realizations on the back of 2-5% qoq price increase in North and South markets.
Adjusted PAT	965	609	1,271	31.7	108.6	
EPS (Rs/share)	13.8	8.7	18.2	31.7	108.6	
EBITDA margin (%)	13.8	15.5	18.6	474 bps	304 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
JK Lakshmi Cement						
Net sales	8,970	9,350	11,582	29.1	23.9	We expect (1) cement volumes to grow by 22% yoy to 2.8 mn tons (+22% qoq) on a low base (+2% growth in 4QFY18) and (2) realizations to increase by 2% qoq led by higher prices in North markets.
EBITDA	1,013	983	1,762	74.0	79.3	
EBIT	554	533	1,303	135.4	144.8	
PBT	338	198	989	192.9	399.0	
Reported PAT	338	148	652	92.8	341.1	We expect EBITDA/ton to increase by 47% qoq to Rs630/ton (+43% yoy) led by higher realizations and lower fuel and other costs.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	338	148	652	92.8	341.1	
EPS (Rs/share)	2.9	1.3	5.5	92.8	341.1	
EBITDA margin (%)	11.3	10.5	15.2	392 bps	470 bps	
Orient Cement						
Net sales	6,197	5,707	7,141	15.2	25.1	We expect cement volumes to grow by 9% yoy to 1.8 mn tons (+21% qoq) on the back of strong industry volume growth. We estimate blended realizations to increase by 3% qoq led by price increase in the company's key markets in West and South by 2-5% qoq.
EBITDA	746	379	881	18.1	132.5	
EBIT	432	35	533	23.4	1,440.8	
PBT	182	(202)	298	63.6	NM	
Reported PAT	128	(137)	197	53.9	NM	
Extraordinaries	—	—	—	—	—	We expect EBITDA/ton to increase to Rs480/ton (from Rs251/ton in 3QFY19) aided by (1) higher realizations and (2) lower energy and other costs.
Adjusted PAT	128	(137)	197	53.9	NM	
EPS (Rs/share)	0.6	(0.7)	1.0	53.9	NM	
EBITDA margin (%)	12.0	6.6	12.3	30 bps	569 bps	
Shree Cement						
Net sales	28,111	27,806	33,723	20.0	21.3	We expect volumes to increase by 10% yoy to 7.1 mn tons (+19% qoq) on the back of strong industry volume growth. We expect blended realizations to increase by 1% qoq to Rs4,760/ton (+9% yoy) led by 1-2% price increase in North, Central and East regions.
EBITDA	6,294	7,101	9,117	44.8	28.4	
EBIT	3,964	3,740	5,739	44.8	53.5	
PBT	4,576	3,700	5,713	24.8	54.4	
Reported PAT	3,992	3,013	4,256	6.6	41.3	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	3,992	3,013	4,256	6.6	41.3	We estimate EBITDA/ton (blended) to increase 7% qoq to Rs1,290/ton (+32% yoy) aided by higher realization and lower fuel costs.
EPS (Rs/share)	114.6	86.5	122.2	6.6	41.3	
EBITDA margin (%)	22.4	25.5	27.0	464 bps	149 bps	
UltraTech Cement						
Net sales	90,025	88,127	99,603	10.6	13.0	We expect standalone volumes to increase 8% yoy to 19.9 mn tons (+11% qoq)—volume excludes those of Binani Cement, which is a subsidiary. We expect realizations to increase by 2% qoq to Rs5,000/ton (+2% yoy) led by price increase of 2-5% qoq in North and South markets.
EBITDA	17,028	13,902	19,352	13.7	39.2	
EBIT	12,222	8,789	14,214	16.3	61.7	
PBT	9,934	6,332	11,788	18.7	86.2	
Reported PAT	4,880	4,491	7,875	61.4	75.3	
Extraordinaries	(2,263)	—	—	—	—	We expect EBITDA/ton to increase by 26% qoq to Rs970 (+5% yoy) led by higher realization and lower fuel costs. We expect other costs (per ton basis) to decline from operating leverage gains on strong 4QFY19 volumes.
Adjusted PAT	7,142	4,491	7,875	10.3	75.3	
EPS (Rs/share)	26.0	16.4	28.7	10.3	75.3	
EBITDA margin (%)	18.9	15.8	19.4	51 bps	365 bps	
Consumer Durables & Apparel						
Crompton Greaves Consumer						
Net sales	11,263	10,303	12,232	8.6	18.7	We expect revenues to grow by 9% yoy led by 11% yoy growth in electrical consumer durables segment and 3% yoy revenue growth in lighting segment.
EBITDA	1,645	1,261	1,789	8.8	41.9	
EBIT	1,614	1,228	1,756	8.8	43.0	
PBT	1,562	1,202	1,736	11.1	44.5	We expect EBITDA margin to improve by 240 bps qoq (flat yoy) due to operating leverage benefits and higher revenue mix of high-margin ECD segment (due to seasonality). We build in segmental EBIT margin of 10% in lighting segment (8.9% in 3QFY19) due to benefit of company's cost-reduction efforts. For ECD segment, we build in 21% EBIT margin in 4QFY19 (flattish yoy) and up 230 bps qoq due to operating leverage benefits.
Reported PAT	1,032	797	1,163	12.7	46.0	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,032	797	1,163	12.7	46.0	
EPS (Rs/share)	1.6	1.3	1.9	12.7	46.0	
EBITDA margin (%)	14.6	12.2	14.6	2 bps	238 bps	
Havells India						
Net sales	25,349	25,184	29,577	16.7	17.4	We expect 17% yoy revenue growth led by strong double-digit growth across segments led by industry demand, expansion of product portfolio within segments as well as market share gains. For Lloyd business, we are building in 10% yoy revenue growth in 4QFY19.
EBITDA	3,577	2,946	3,814	6.6	29.5	
EBIT	3,230	2,593	3,444	6.6	32.8	
PBT	3,404	2,888	3,734	9.7	29.3	
Reported PAT	2,258	1,957	2,576	14.1	31.7	We expect EBITDA margin to improve by 120 bps qoq (down 120 bps yoy) due to (1) benefit of price increases in electronic consumer durable segment (ECD) and (2) operating leverage benefits (seasonally strong quarter for AC business compared to 3Q). For Lloyds business, we build in marginal in 20% contribution margin in 4QFY19 compared to 22% in 4QFY18 and 14.9% in 3QFY19.
Extraordinaries	(91)	—	—	—	—	
Adjusted PAT	2,319	1,957	2,576	11.1	31.7	
EPS (Rs/share)	3.7	3.1	4.1	11.1	31.7	
EBITDA margin (%)	14.1	11.7	12.9	-122 bps	119 bps	
Page Industries						
Net sales	6,084	7,383	7,434	22.2	0.7	We expect 14% volume growth on the back of a weak base and some improvement in execution.
EBITDA	1,468	1,653	1,875	27.7	13.5	
EBIT	1,393	1,571	1,789	28.5	13.9	
PBT	1,421	1,625	1,827	28.6	12.5	
Reported PAT	942	1,019	1,249	32.5	22.6	
Extraordinaries	—	—	—	—	—	Higher incentives could weigh on gross margins this quarter (down 70 bps yoy). However, operating leverage benefits should drive a strong 110 bps EBITDA margin expansion.
Adjusted PAT	942	1,019	1,249	32.5	22.6	
EPS (Rs/share)	84.5	91.4	112.0	32.5	22.6	
EBITDA margin (%)	24.1	22.4	25.2	108 bps	284 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	qoq	Comments
TCNS Clothing Co.						
Net sales	2,580	3,002	2,967	15.0	(1.2)	We expect 15% yoy revenue growth driven by 5-6% SSSG, store expansion and higher contribution from online sales.
EBITDA	323	507	498	54.1	(1.7)	
EBIT	272	452	440	61.5	(2.6)	
PBT	288	472	459	59.2	(2.9)	
Reported PAT	218	371	353	62.1	(4.7)	We expect strong yoy margin improvement due to higher proportion of full price sales, and relatively lower ad-spends.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	218	371	353	62.1	(4.7)	
EPS (Rs/share)	3.5	5.8	5.5	55.5	(5.1)	
EBITDA margin (%)	12.5	16.9	16.8	425 bps	-10 bps	
Vardhman Textiles						
Net sales	15,096	17,294	16,538	9.5	(4.4)	We expect a robust 10% yoy growth in revenues from a low base of previous year led by higher volumes as well as realizations.
EBITDA	2,592	3,071	3,038	17.2	(1.1)	
EBIT	1,965	2,442	2,301	17.1	(5.8)	
PBT	2,226	2,779	2,252	1.2	(19.0)	
Reported PAT	1,637	1,958	1,505	(8.0)	(23.1)	We expect EBITDA margins to increase by~60 bps qoq led by higher yarn-cotton spreads amid decreasing cotton prices.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,637	1,958	1,505	(8.0)	(23.1)	
EPS (Rs/share)	29.0	34.7	26.7	(8.0)	(23.1)	
EBITDA margin (%)	17.2	17.8	18.4	119 bps	61 bps	
Voltas						
Net sales	20,213	14,839	22,211	9.9	49.7	We expect revenues to grow by 10% yoy in 4QFY19 led by (1) 11% yoy growth in UCP segment due to shipments to dealers in anticipation of a good summer season this year and (2) 9% yoy growth in EMP segment (projects business) led by pick-up in project execution.
EBITDA	2,261	1,077	2,224	(1.6)	106.4	
EBIT	2,200	1,016	2,159	(1.9)	112.5	
PBT	2,865	1,511	2,559	(10.7)	69.4	
Reported PAT	1,927	809	1,655	(14.1)	104.6	For UCP segment, we expect EBIT margin to decline by 420 bps yoy to 13% as the company has not been able to pass on cost increases through price hikes so far. For EMP segment, we build in 7.5% EBIT margin, largely flat on a yoy basis. We build in loss of Rs100 mn from Voltas-Beko JV in our quarterly estimates.
Extraordinaries	(14)	(118)	—	—	—	
Adjusted PAT	1,936	892	1,655	(14.5)	85.7	
EPS (Rs/share)	5.9	2.7	5.0	(14.5)	85.7	
EBITDA margin (%)	11.2	7.3	10.0	-118 bps	275 bps	
Whirlpool						
Net sales	12,577	12,115	14,087	12.0	16.3	We expect revenues to increase by 12% yoy due to industry growth in core segments such as refrigerators and washing machines and company's aggressive expansion into new categories such as air conditioners, water purifiers, kitchen products, etc.
EBITDA	1,406	976	1,795	27.7	84.0	
EBIT	1,173	724	1,525	30.1	110.8	
PBT	1,406	939	1,805	28.4	92.2	
Reported PAT	914	606	1,191	30.4	96.5	We expect EBITDA margin to improve by 150 bps yoy (+470 bps qoq) as we build in some benefit of recent moderation in commodity prices.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	914	606	1,191	30.4	96.5	
EPS (Rs/share)	7.2	4.8	9.4	30.4	96.5	
EBITDA margin (%)	11.2	8.1	12.7	156 bps	469 bps	
Consumer Staples						
Bajaj Consumer Care						
Net sales	2,216	2,296	2,422	9.3	5.5	We expect 6.5% yoy growth in volumes and 4% yoy improvement in realizations for ADHO.
EBITDA	718	710	739	2.9	4.1	
EBIT	700	693	717	2.4	3.4	
PBT	705	766	764	8.4	(0.3)	
Reported PAT	554	601	601	8.4	(0.0)	Rupee appreciation and easing of RM prices will aid gross margin; we model 80 bps yoy expansion in gross margin. EBITDA margin is expected to decline 190 bps yoy led by higher employee costs and higher A&SP costs pertaining to new product launches (Cool Almond Drops hair oil and Nomarks sunscreen).
Extraordinaries	—	—	—	—	—	
Adjusted PAT	554	601	601	8.4	(0.0)	
EPS (Rs/share)	3.8	4.1	4.1	8.4	(0.0)	
EBITDA margin (%)	32.4	30.9	30.5	-189 bps	-42 bps	
Britannia Industries						
Net sales	25,375	28,424	28,011	10.4	(1.5)	Our standalone operating revenue estimate bakes in (1) 7% volume growth in the biscuits segment and (2) 3.5% increase in realizations (price/mix).
EBITDA	3,971	4,518	4,637	16.8	2.6	
EBIT	3,548	4,094	4,191	18.1	2.4	
PBT	3,968	4,664	4,655	17.3	(0.2)	
Reported PAT	2,636	3,007	3,160	19.9	5.1	We expect consolidated EBITDA margin to expand 90 bps yoy aided by 130 bps expansion in GM partly offset by a tad higher other expenses (including A&SP spends).
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,636	3,007	3,160	19.9	5.1	
EPS (Rs/share)	11.0	12.5	13.2	19.9	5.1	
EBITDA margin (%)	15.6	15.9	16.6	90 bps	66 bps	
Colgate-Palmolive (India)						
Net sales	10,917	10,994	11,730	7.4	6.7	We bake in volume growth of 7% and realization increase of 1.3%. CLGT's aggressive volume push via trial packs and heavy discounting on multi-packs in select channels continues to weigh on realizations.
EBITDA	3,075	3,145	3,383	10.0	7.6	
EBIT	2,670	2,739	2,964	11.0	8.2	
PBT	2,755	2,818	3,059	11.0	8.6	
Reported PAT	1,888	1,921	1,899	0.6	(1.2)	We model 60 bps yoy expansion in EBITDA margin largely led by some moderation in marketing intensity in the category and operating leverage benefits.
Extraordinaries	100	90	—	—	—	
Adjusted PAT	1,788	1,831	1,988	11.2	8.6	
EPS (Rs/share)	6.6	6.7	7.3	11.2	8.6	
EBITDA margin (%)	28.2	28.6	28.8	66 bps	23 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
Dabur India						
Net sales	20,329	21,992	22,240	9.4	1.1	We model around 10.5% yoy growth in domestic revenues, a combination of 8% volume growth and 2.5% realization improvement. We expect moderation in growth in a few categories, especially in juices due to prolonged winter. International business revenue growth would be modest 5-6% in c/c terms partly due to continued weakness in the GCC region.
EBITDA	4,852	4,454	5,446	12.2	22.3	
EBIT	4,426	4,005	4,986	12.7	24.5	
PBT	5,026	4,591	5,695	13.3	24.1	
Reported PAT	3,962	3,661	4,519	14.1	23.5	
Extraordinaries	—	—	—	—	—	We expect consolidated gross margin to be broadly flat on account of benign RM environment and better mix (lower contribution of foods).
Adjusted PAT	3,962	3,661	4,519	14.1	23.5	
EPS (Rs/share)	2.2	2.1	2.6	14.1	23.5	
EBITDA margin (%)	23.9	20.3	24.5	61 bps	423 bps	
GlaxoSmithKline Consumer						
Net sales	11,796	11,168	13,176	11.7	18.0	We model 11.5% yoy growth in domestic revenues on a slightly weak base led by 9.5% growth in volumes and 2% improvement in realization. We model 16% growth in export revenues.
EBITDA	2,500	2,385	2,947	17.9	23.5	
EBIT	2,355	2,227	2,786	18.3	25.1	
PBT	3,189	3,068	3,746	17.5	22.1	
Reported PAT	2,118	2,211	2,451	15.7	10.9	
Extraordinaries	—	258	—	—	—	We estimate 120 bps yoy expansion in EBITDA margin driven by GM expansion and operating leverage benefits.
Adjusted PAT	2,118	1,953	2,451	15.7	25.5	
EPS (Rs/share)	50.4	46.4	58.3	15.7	25.5	
EBITDA margin (%)	21.2	21.4	22.4	116 bps	100 bps	
Godrej Consumer Products						
Net sales	25,289	27,219	26,773	5.9	(1.6)	We model 8% yoy growth in domestic revenues led by (1) 4% growth in HI, (2) 6% growth in soaps segment (partly muted due to price reduction) and (3) 13% growth in hair colors. We expect international business growth to be muted at 2.4% yoy due to divestment of UK business; adjusted for the same, we model 11% growth led by Indonesia and recovery in Africa and US.
EBITDA	5,969	6,087	6,608	10.7	8.6	
EBIT	5,567	5,660	6,179	11.0	9.2	
PBT	5,435	5,309	6,132	12.8	15.5	
Reported PAT	6,172	4,235	4,772	(22.7)	12.7	
Extraordinaries	1,938	59	—	—	—	We expect EBITDA margin of domestic business to expand due to easing RM costs and lower employee costs. Profitability of international business would be under pressure due to weakness in LATAM and investments in Indonesia. At a consolidated level, we expect 110 bps expansion in margin.
Adjusted PAT	4,234	4,176	4,772	12.7	14.3	
EPS (Rs/share)	4.1	4.1	4.7	12.7	14.3	
EBITDA margin (%)	23.6	22.4	24.7	107 bps	231 bps	
Hindustan Unilever						
Net sales	90,970	95,580	101,906	12.0	6.6	We model 12.2% revenue growth in domestic FMCG business led by 8.5% UVG and 3.7% price-led growth. On a segmental basis, we bake in 12% yoy revenue growth for both home care and personal care.
EBITDA	20,480	20,460	24,734	20.8	20.9	
EBIT	19,200	19,130	23,410	21.9	22.4	
PBT	20,160	20,120	24,596	22.0	22.2	
Reported PAT	13,510	14,440	17,118	26.7	18.5	
Extraordinaries	(580)	430	—	—	—	We expect EBITDA margin to expand 175 bps yoy aided by operating cost efficiencies (including A&SP spends); expect gross margin to expand 70 bps yoy.
Adjusted PAT	14,090	14,010	17,118	21.5	22.2	
EPS (Rs/share)	6.5	6.5	7.9	21.5	22.2	
EBITDA margin (%)	22.5	21.4	24.3	175 bps	286 bps	
ITC						
Net sales	105,867	112,277	113,556	7.3	1.1	We model 7.5% yoy increase in cigarette volumes and 2.1% increase in realization (portfolio-level). We forecast 8% yoy growth in cigarette EBIT. Adverse mix and cost push continue to weigh on cigarettes EBIT growth.
EBITDA	41,440	43,258	45,086	8.8	4.2	
EBIT	38,400	39,904	41,597	8.3	4.2	
PBT	43,333	48,212	47,696	10.1	(1.1)	
Reported PAT	29,327	32,091	31,604	7.8	(1.5)	
Extraordinaries	—	—	—	—	—	We model 12%, 13% and 17% yoy growth in FMCG, hotels and paperboards segments; expect a weak quarter for agri-business.
Adjusted PAT	29,327	32,091	31,604	7.8	(1.5)	
EPS (Rs/share)	2.4	2.6	2.6	6.9	(2.3)	
EBITDA margin (%)	39.1	38.5	39.7	56 bps	117 bps	
Jyothy Laboratories						
Net sales	4,773	4,343	5,076	6.4	16.9	We expect modest 6.5% growth in revenues led by weakness in HI and soft growth in other categories.
EBITDA	906	718	914	0.9	27.3	
EBIT	760	578	769	1.2	33.0	
PBT	854	581	759	(11.1)	30.7	
Reported PAT	604	484	601	(0.4)	24.1	
Extraordinaries	—	—	—	—	—	We estimate EBITDA margin decline of 100 bps yoy on a high base.
Adjusted PAT	604	484	601	(0.4)	24.1	
EPS (Rs/share)	1.7	1.3	1.7	(0.4)	24.1	
EBITDA margin (%)	19.0	16.5	18.0	-99 bps	147 bps	
Marico						
Net sales	14,801	18,610	17,008	14.9	(8.6)	We model 14% topline growth in the domestic business driven by 9.0% volume growth and 5% improvement in realizations. We bake in volume growth of 12%, 7% and 8% in Parachute rigid, Saffola and VAHO, respectively.
EBITDA	2,523	3,489	3,045	20.7	(12.7)	
EBIT	2,292	3,264	2,812	22.7	(13.8)	
PBT	2,468	3,431	3,036	23.0	(11.5)	
Reported PAT	1,806	2,473	2,114	17.1	(14.5)	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to expand 85 bps yoy with largely flattish gross margins. Benefits of low copra prices will be partly offset by change in product mix.
Adjusted PAT	1,806	2,473	2,114	17.1	(14.5)	
EPS (Rs/share)	1.4	1.9	1.6	17.1	(14.5)	
EBITDA margin (%)	17.0	18.8	17.9	85 bps	-85 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
Nestle India						
Net sales	27,572	28,973	31,641	14.8	9.2	We model 15% growth in net domestic revenues, broad-based across segments.
EBITDA	7,119	6,137	8,212	15.4	33.8	
EBIT	6,294	5,353	7,387	17.4	38.0	
PBT	6,547	5,854	7,837	19.7	33.9	
Reported PAT	4,240	3,418	5,059	19.3	48.0	We model largely flattish gross and EBITDA margins. The company should continue to re-invest operating leverage benefits on A&P spends albeit at a lower intensity than the previous quarter.
Extraordinaries	(151)	(632)	(172)	14.0	(72.8)	
Adjusted PAT	4,391	4,049	5,231	19.1	29.2	
EPS (Rs/share)	44.0	35.4	52.5	19.3	48.0	
EBITDA margin (%)	25.8	21.2	26.0	13 bps	477 bps	
Tata Global Beverages						
Net sales	16,884	19,126	18,245	8.1	(4.6)	We model 8% yoy growth in consolidated revenues led by (1) 9.5% revenue growth in the domestic tea business driven by 10% volume growth partly aided by low base and (2) 7% growth in the international business.
EBITDA	1,457	1,962	1,585	8.8	(19.2)	
EBIT	1,172	1,666	1,285	9.6	(22.9)	
PBT	1,294	1,762	1,420	9.8	(19.4)	
Reported PAT	594	993	765	28.6	(23.0)	We model 90 bps decline in standalone EBITDA margin largely due to RM inflation. Expect consolidated EBITDA margin to be broadly flat yoy.
Extraordinaries	(17)	—	—	—	—	
Adjusted PAT	611	993	765	25.2	(23.0)	
EPS (Rs/share)	1.0	1.6	1.2	25.2	(23.0)	
EBITDA margin (%)	8.6	10.3	8.7	5 bps	-158 bps	
United Breweries						
Net sales	14,718	14,512	17,170	16.7	18.3	We model 17% revenue growth aided by volume growth of 13% and 4% increase in net realization.
EBITDA	2,082	2,479	2,720	30.6	9.7	
EBIT	1,435	1,813	2,036	41.9	12.3	
PBT	1,368	1,772	2,089	52.7	17.9	
Reported PAT	909	1,092	1,399	53.9	28.1	We model strong 170 bps expansion in EBITDA margins aided by increase in gross margins, continued cost-saving initiatives and operating leverage benefits.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	909	1,092	1,399	53.9	28.1	
EPS (Rs/share)	3.4	4.1	5.3	53.9	28.1	
EBITDA margin (%)	14.1	17.1	15.8	169 bps	-125 bps	
United Spirits						
Net sales	21,737	25,009	24,034	10.6	(3.9)	We model 10% net revenue growth led by 5% underlying volume growth. Reported and underlying volume growth should be broadly similar given much of the low-end franchising impact is now in the base.
EBITDA	2,741	3,478	3,382	23.4	(2.8)	
EBIT	2,374	3,123	3,011	26.8	(3.6)	
PBT	2,993	3,185	3,144	5.1	(1.3)	
Reported PAT	2,110	1,924	2,041	(3.3)	6.1	We model 150 bps yoy expansion in EBITDA margins on account of a better mix, cost-saving measures and operating leverage benefits. Deleveraging led lower interest expenses should also aid earnings growth.
Extraordinaries	243	(202)	(0)	—	—	
Adjusted PAT	1,867	2,126	2,041	9.3	(4.0)	
EPS (Rs/share)	12.8	14.6	14.0	9.3	(4.0)	
EBITDA margin (%)	12.6	13.9	14.1	146 bps	16 bps	
Varun Beverages						
Net sales	10,948	7,856	12,268	12.1	56.2	We expect 12% net revenue growth driven by 10% volume growth (including inorganic).
EBITDA	1,727	478	1,846	6.9	286.3	
EBIT	816	(463)	861	5.5	NM	
PBT	299	(873)	361	20.9	NM	
Reported PAT	186	(715)	233	25.0	NM	With a modest improvement of 70 bps yoy in gross margins, we expect EBITDA margins to decline 70 bps mainly due to integration costs related to the acquired operations.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	186	(715)	233	25.0	NM	
EPS (Rs/share)	1.0	(3.9)	1.3	25.0	NM	
EBITDA margin (%)	15.8	6.1	15.1	-73 bps	896 bps	
Electric Utilities						
CESC						
Net sales	20,810	19,070	20,296	(2.5)	6.4	Modest growth in unit sales at 2,485 MU (4% yoy, +8% qoq) will partially aid earnings.
EBITDA	5,510	4,020	4,456	(19.1)	10.9	
EBIT	4,400	2,930	3,313	(24.7)	13.1	
PBT	3,720	2,210	2,681	(27.9)	21.3	
Reported PAT	2,920	1,730	2,123	(27.3)	22.7	Earning performance still does not reflect tariff increase in the absence of regulatory order.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,920	1,730	2,123	(27.3)	22.7	
EPS (Rs/share)	22.0	13.1	16.0	(27.3)	22.7	
EBITDA margin (%)	26.5	21.1	22.0	-452 bps	87 bps	
JSW Energy						
Net sales	17,751	24,217	20,607	16.1	(14.9)	Decline in generation to 4.3 BU (-15% yoy, -0.5% qoq) primarily attributable to lower generation at Ratnagiri and hydro assets.
EBITDA	4,215	7,387	5,055	19.9	(31.6)	
EBIT	1,838	4,455	1,992	8.4	(55.3)	
PBT	(358)	2,208	(96)	(73.2)	(104.3)	
Reported PAT	(4,801)	1,471	(484)	(89.9)	(132.9)	Prices of imported coal are now down 9% yoy at US$85/ton, though we highlight that a lagged earnings benefit would see the full impact of spot prices of imported coal.
Extraordinaries	(4,424)	(99)	—	—	—	
Adjusted PAT	(376)	1,570	(484)	28.7	(130.9)	
EPS (Rs/share)	(0.2)	1.0	(0.3)	28.7	(130.9)	
EBITDA margin (%)	23.7	30.5	24.5	78 bps	-598 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
NHPC						
Net sales	11,369	15,714	13,100	15.2	(16.6)	Strong generation growth (+33.4% yoy) will aid earnings in a seasonally weak quarter for hydro generation.
EBITDA	3,576	5,958	4,852	35.7	(18.6)	
EBIT	27	1,943	822	2,965.8	(57.7)	
PBT	2,877	2,690	2,859	(0.6)	6.3	
Reported PAT	1,894	1,821	2,040	7.7	12.0	We predict sequential improvement in earnings also factoring in dividend income from NHDC.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,894	1,821	2,040	7.7	12.0	
EPS (Rs/share)	0.2	0.2	0.2	7.7	12.0	
EBITDA margin (%)	31.5	37.9	37.0	558 bps	-88 bps	
NTPC						
Net sales	231,003	241,204	244,623	5.9	1.4	Absence of generation growth (+0.4% yoy) at 69 BU despite commercialization of 1.8 GW in trailing 12 months.
EBITDA	59,100	65,799	64,509	9.2	(2.0)	
EBIT	39,752	45,789	44,108	11.0	(3.7)	
PBT	36,883	31,795	35,874	(2.7)	12.8	
Reported PAT	29,256	23,854	27,081	(7.4)	13.5	Improved plant availability likely to address fixed charge under-recovery of Rs10.9 bn in 9MFY19.
Extraordinaries	3,883	—	—	—	—	
Adjusted PAT	25,373	23,854	27,081	6.7	13.5	
EPS (Rs/share)	2.6	2.4	2.7	6.7	13.5	
EBITDA margin (%)	25.6	27.3	26.4	78 bps	-91 bps	
Power Grid						
Net sales	78,113	83,116	89,721	14.9	7.9	Revenue growth (14.8% yoy) aided by aggressive capitalization of Rs206 bn in trailing 12 months.
EBITDA	65,241	74,098	76,271	16.9	2.9	
EBIT	41,176	48,051	49,669	20.6	3.4	
PBT	23,997	29,488	30,634	27.7	3.9	
Reported PAT	18,461	23,312	24,164	30.9	3.7	We factor asset capitalization of Rs113 bn in 4QFY19E compared to Rs69 bn of asset capitalization in 3QFY19 and Rs78 bn of asset capitalization in 4QFY18.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	18,461	23,312	24,164	30.9	3.7	
EPS (Rs/share)	3.5	4.5	4.6	30.9	3.7	
EBITDA margin (%)	83.5	89.2	85.0	148 bps	-415 bps	
Tata Power						
Net sales	18,356	18,033	18,354	(0.0)	1.8	Decline in standalone PAT should be seen in the context of deferred tax asset of Rs6.5 bn created in 4QFY18.
EBITDA	5,866	5,395	5,829	(0.6)	8.0	
EBIT	3,979	3,823	4,253	6.9	11.3	
PBT	3,364	739	2,496	(25.8)	238.0	
Reported PAT	(39,391)	2,556	2,058	NM	(19.5)	Losses at Mundra will likely reduce due to implementation of six-monthly tariff review as well as rupee appreciation.
Extraordinaries	(44,433)	(340)	—	—	—	
Adjusted PAT	5,041	2,896	2,058	(59.2)	(28.9)	
EPS (Rs/share)	1.9	1.1	0.8	(59.2)	(28.9)	
EBITDA margin (%)	32.0	29.9	31.8	-20 bps	184 bps	
Fertilizers & Agricultural Chemicals						
Bayer Cropscience						
Net sales	3,002	6,210	3,296	9.8	(46.9)	We expect sequentially slower 10% yoy growth in revenues versus 30% growth in the previous quarter, due to the high base of 4QFY18.
EBITDA	(163)	466	87	NM	(81.4)	
EBIT	(251)	381	(20)	(92.1)	(105.2)	
PBT	(210)	454	42	NM	(90.7)	
Reported PAT	(129)	275	50	NM	(81.8)	We model in modest EBITDA margins at 2.6% in a seasonally weak quarter.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	(129)	275	50	NM	(81.8)	
EPS (Rs/share)	(3.8)	8.0	1.5	NM	(81.8)	
EBITDA margin (%)	(5.4)	7.5	2.6	806 bps	-487 bps	
Dhanuka Agritech						
Net sales	1,851	2,168	1,888	2.0	(12.9)	We expect muted 2% yoy growth in revenues due to likely weaker off-take of volumes amid a subdued Rabi season.
EBITDA	314	215	161	(48.8)	(25.1)	
EBIT	279	185	127	(54.5)	(31.5)	
PBT	345	221	197	(43.0)	(11.2)	
Reported PAT	286	146	125	(56.4)	(14.4)	We expect EBITDA margins to decline by ~140 bps qoq to 8.5% in a seasonally weak quarter.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	286	146	125	(56.4)	(14.4)	
EPS (Rs/share)	5.8	3.0	2.5	(56.4)	(14.4)	
EBITDA margin (%)	17.0	9.9	8.5	-847 bps	-139 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	qoq	Comments
Godrej Agrovet						
Net sales	11,947	14,541	13,704	14.7	(5.8)	We expect revenues to grow by 15% yoy driven by sustained strong growth in the crop protection segment and likely recovery in the animal feed business.
EBITDA	742	1,010	864	16.6	(14.4)	
EBIT	524	745	610	16.4	(18.1)	
PBT	554	695	580	4.6	(16.6)	
Reported PAT	251	408	334	33.1	(18.3)	We expect EBITDA margins to remain steady yoy at 6.3% in a seasonally weak quarter.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	251	409	335	33.5	(18.3)	
EPS (Rs/share)	1.3	2.1	1.7	33.5	(18.3)	
EBITDA margin (%)	6.2	6.9	6.3	10 bps	-64 bps	
Kaveri Seed						
Net sales	416	672	424	2.0	(36.8)	We expect 2% yoy growth in revenues in a seasonally weak quarter.
EBITDA	(133)	1	(46)	(65.3)	(4,010.8)	
EBIT	(186)	(51)	(96)	(48.2)	87.4	
PBT	(172)	54	(77)	(55.4)	(242.2)	
Reported PAT	(184)	36	(87)	(52.6)	(338.8)	We expect yoy lower EBITDA loss of Rs46 mn led by improvement in contribution from fruits and vegetable segment.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	(184)	36	(87)	(52.6)	(338.8)	
EBITDA margin (%)	(32.1)	0.2	(10.9)	2114 bps	-1110 bps	
PI Industries						
Net sales	6,251	7,075	7,832	25.3	10.7	We expect a robust 25% yoy increase in revenues driven by sustained strong growth in the CSM business.
EBITDA	1,347	1,486	1,787	32.7	20.2	
EBIT	1,135	1,252	1,557	37.2	24.4	
PBT	1,307	1,389	1,702	30.3	22.6	
Reported PAT	1,054	1,073	1,351	28.2	25.9	We expect ~180 bps qoq expansion in EBITDA margins to 22.8% led by a higher share of exports.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,054	1,073	1,351	28.2	25.9	
EPS (Rs/share)	7.7	7.9	9.9	28.2	25.9	
EBITDA margin (%)	21.5	21.0	22.8	126 bps	181 bps	
Rallis India						
Net sales	3,711	4,174	4,171	12.4	(0.1)	We expect 12% yoy growth in revenues from a low base of the previous year.
EBITDA	336	276	285	(15.1)	3.3	
EBIT	236	156	148	(37.4)	(5.0)	
PBT	252	196	119	(52.9)	(39.5)	
Reported PAT	198	139	167	(15.6)	20.3	We expect EBITDA margins to remain muted sequentially at 6.8% given elevated RM costs.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	198	139	167	(15.6)	20.3	
EPS (Rs/share)	1.0	0.7	0.9	(15.6)	20.3	
EBITDA margin (%)	9.1	6.6	6.8	-222 bps	22 bps	
UPL						
Net sales	56,910	49,210	64,641	13.6	31.4	We expect 14% yoy growth in ex-Arysta revenues driven by sustained strong growth in LATAM markets.
EBITDA	12,180	10,160	14,361	17.9	41.4	
EBIT	10,340	8,340	12,370	19.6	48.3	
PBT	11,710	5,910	11,392	(2.7)	92.8	
Reported PAT	7,360	4,610	9,161	24.5	98.7	We expect EBITDA margins to expand by ~80 bps yoy to 22.2%, driven by operating leverage.
Extraordinaries	(2,320)	(910)	—	—	—	
Adjusted PAT	9,270	5,469	9,161	(1.2)	67.5	
EPS (Rs/share)	18.3	10.8	18.1	(1.2)	67.5	
EBITDA margin (%)	21.4	20.6	22.2	81 bps	157 bps	
Gas Utilities						
GAIL (India)						
Net sales	155,111	197,890	195,114	25.8	(1.4)	We expect GAIL to report a sharp sequential decline in EBITDA led by lower profitability of gas marketing and LPG segments amid adverse prices, which will be partly offset by a recovery in petchem contribution.
EBITDA	16,953	26,735	22,927	35.2	(14.2)	
EBIT	13,344	23,101	19,047	42.7	(17.5)	
PBT	15,767	25,075	21,874	38.7	(12.8)	
Reported PAT	10,209	16,812	14,838	45.3	(11.7)	We assume (1) marginal improvement in gas transmission and marketing volumes to 108 mcm/d and 97 mcm/d and (2) 13% qoq increase in petchem volumes to 195 ktons post the planned shutdown in the previous quarter.
Extraordinaries	277	—	—	—	—	
Adjusted PAT	9,932	16,812	14,838	49.4	(11.7)	
EPS (Rs/share)	4.4	7.5	6.6	49.4	(11.7)	
EBITDA margin (%)	10.9	13.5	11.8	82 bps	-176 bps	
GSPL						
Net sales	3,504	4,747	4,615	31.7	(2.8)	We expect sequential increase in EBITDA led by moderation in operating costs from a high base, which will be offset by a modest decline in volumes.
EBITDA	2,892	3,741	3,931	35.9	5.1	
EBIT	2,452	3,301	3,484	42.1	5.5	
PBT	2,520	2,827	3,087	22.5	9.2	
Reported PAT	1,574	1,735	2,022	28.4	16.5	We assume (1) 2% qoq decline in gas transmission volumes to 33.7 mcm/d and (2) steady regulated tariffs at Rs1.5/scm.
Extraordinaries	—	(210)	—	—	—	
Adjusted PAT	1,574	1,874	2,022	28.4	7.9	
EPS (Rs/share)	2.8	3.3	3.6	28.4	7.9	
EBITDA margin (%)	82.5	78.8	85.2	265 bps	638 bps	

Source: Companies, Kotak Institutional Equities estimates

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

				Change (%)		
	Mar-18	Dec-18	Mar-19E	yoy	qoq	Comments
Indraprastha Gas						
Net sales	12,169	15,084	15,230	25.1	1.0	
EBITDA	2,754	3,179	3,231	17.3	1.6	We expect IGL's EBITDA to increase by 17% yoy led by 13% growth in volumes and moderate expansion in gross margins, which will be partly offset by the seasonal increase in operating costs.
EBIT	2,283	2,666	2,705	18.5	1.5	
PBT	2,545	3,060	3,092	21.5	1.0	
Reported PAT	1,900	2,223	2,063	8.6	(7.2)	
Extraordinaries	160	—	—	—	—	
Adjusted PAT	1,797	2,223	2,063	14.8	(7.2)	We assume (1) volumes at 6 mcm/d versus 5.4 mcm/d in 4QFY18 and (2) 2% qoq improvement in unit EBITDA to Rs5.9/scm.
EPS (Rs/share)	2.6	3.2	2.9	14.8	(7.2)	
EBITDA margin (%)	22.6	21.1	21.2	-142 bps	14 bps	
Mahanagar Gas						
Net sales	5,870	7,527	7,558	28.8	0.4	
EBITDA	1,762	2,391	2,370	34.5	(0.9)	We expect strong growth in EBITDA from a low base, led by 9% growth in volumes and a sharp expansion in unit margins based on favorable pricing changes.
EBIT	1,422	2,063	2,037	43.3	(1.3)	
PBT	1,595	2,266	2,236	40.2	(1.4)	
Reported PAT	1,048	1,483	1,474	40.7	(0.6)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,048	1,483	1,474	40.7	(0.6)	We assume (1) overall volumes at 3.1 mcm/d versus 2.8 mcm/d in 4QFY18 and (2) unit EBITDA at Rs8.6/scm as compared to Rs8.8/scm in 3QFY19 and Rs7 in 4QFY18.
EPS (Rs/share)	10.6	15.0	14.9	40.7	(0.6)	
EBITDA margin (%)	30.0	31.8	31.4	134 bps	-41 bps	
Petronet LNG						
Net sales	86,362	100,977	98,282	13.8	(2.7)	
EBITDA	8,221	8,481	8,589	4.5	1.3	We expect modest qoq improvement in EBITDA and net income led by 5% escalation in Dahej tariffs and marginal recovery in volumes, which will be partially offset by higher operating costs.
EBIT	7,208	7,444	7,546	4.7	1.4	
PBT	7,908	8,113	8,692	9.9	7.1	
Reported PAT	5,227	5,653	5,711	9.3	1.0	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	5,227	5,653	5,711	9.3	1.0	We assume LNG re-gasification volumes at 205 tn BTUs as compared to 202 tn BTUs in 3QFY19 and 213 tn BTUs in 4QFY18.
EPS (Rs/share)	3.5	3.8	3.8	9.3	1.0	
EBITDA margin (%)	9.5	8.4	8.7	-78 bps	34 bps	
Health Care Services						
Apollo Hospitals						
Net sales	21,110	24,908	24,753	17.3	(0.6)	We expect revenue growth of 17% yoy driven by 17% growth in healthcare and 18% growth in the pharmacy business. Within healthcare, we expect existing centers to grow at 14% with new centers' contribution driving incremental growth. We expect 18% growth in the standalone pharmacy business driven by aggressive expansion of the store network. Revenues are not strictly comparable yoy due to accounting changes in revenue reporting for healthcare and AHLL division.
EBITDA	1,864	2,768	2,777	49.0	0.3	
EBIT	1,100	1,798	1,712	55.6	(4.8)	
Reported PAT	357	547	520	45.7	(4.9)	
Adjusted PAT	357	547	520	45.7	(4.9)	We expect consolidated EBITDA margin to increase 10 bps qoq to 11.2% driven by higher growth in mature centers and ramp-up of new centers particularly navi Mumbai. We expect 18.3% margin in healthcare business, 5% margin in pharmacy business and Rs148 mn EBITDA loss in AHLL business.
EBITDA margin (%)	8.8	11.1	11.2	238 bps	10 bps	
Aster DM Healthcare						
Net sales	17,843	21,501	21,569	20.9	0.3	We expect revenue to grow by 21% yoy driven by 10% organic growth and the rest led by INR depreciation yoy.
EBITDA	2,631	2,632	3,355	27.5	27.5	
EBIT	2,074	1,843	2,525	21.8	37.0	
PBT	1,700	1,337	2,055	20.9	53.7	
Tax	103	167	170	64.9	1.8	We expect EBITDA to grow by 21% yoy led by ramp-up of a new hospital at Qusais and positive EBITDA contribution from Sharjah and Doha facilities. We forecast 21% qoq growth in EBITDA as 4Q is the strongest quarter for Aster and accounts for 33-35% of annual EBITDA driven by booking of pharmacy loyalty discounts in 4Q.
Reported PAT	1,902	1,003	1,774	(6.7)	76.8	
Extraordinaries	451	—	—	—	—	
Adjusted PAT	1,902	1,003	1,591	(16.3)	58.6	
EBITDA margin (%)	14.7	12.2	15.6	81 bps	331 bps	
Dr Lal Pathlabs						
Net sales	2,668	2,925	3,077	15.3	5.2	
EBITDA	640	656	777	21.4	18.4	We expect revenue to grow by 15% yoy, primarily led by volume growth. We expect realizations to remain steady qoq and decline modestly yoy as bundled tests continue to grow in overall mix.
EBIT	533	560	676	26.9	20.8	
PBT	620	679	780	25.8	14.9	
Reported PAT	401	458	514	28.3	12.3	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	401	458	514	28.3	12.3	We expect EBITDA margin to increase 130 bps yoy and 290 bps qoq to 25.3% driven by operating leverage benefits as revenue grows by 15%.
EPS (Rs/share)	4.8	5.5	6.2	28.3	12.3	
EBITDA margin (%)	24.0	22.4	25.3	126 bps	282 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
HCG						
Net sales	2,223	2,489	2,630	18.3	5.7	We expect revenues to increase by 18% yoy led by 13% yoy growth in mature centers along with ramp up of newly set up facilities.
EBITDA	322	289	321	(0.2)	11.0	
EBIT	109	70	58	(46.6)	(16.9)	
PBT	(10)	(50)	23	NM	NM	
Reported PAT	26	(62)	(55)	(312.5)	(11.2)	We expect the EBITDA margin to expand 60 bps qoq to 12.2% led by gradual recovery in Milann performance and decline in losses from new facilities in Mumbai, Nagpur and Rajkot. HCG did not commission any new facilities in 4QFY19.
Extraordinaries	44	—	—	—	—	
Adjusted PAT	26	(62)	(55)	(312.5)	(11.2)	
EPS (Rs/share)	0.3	(0.7)	(0.6)	(312.5)	(11.2)	
EBITDA margin (%)	14.5	11.6	12.2	-227 bps	58 bps	
Narayana Hrudayalaya						
Net sales	6,468	7,320	7,436	15.0	1.6	We expect revenues to increase by 15% yoy driven by (1) 12% yoy growth in mature hospitals (2) higher contribution from new hospitals in Mumbai, Gurugram and Dharmshila.
EBITDA	523	778	758	44.9	(2.6)	
EBIT	262	430	395	50.6	(8.1)	
PBT	100	279	277	176.5	(0.6)	
Reported PAT	98	126	188	91.6	49.5	We expect EBITDA margins to improve 210 bps yoy to 10.2% as new hospitals gradually ramp up. We expect losses from new centers to decline modestly by Rs10-15 mn qoq.
Extraordinaries	17	—	—	—	—	
Adjusted PAT	98	126	168	70.9	33.3	
EPS (Rs/share)	0.5	0.6	0.8	70.9	33.3	
EBITDA margin (%)	8.1	10.6	10.2	210 bps	-44 bps	
Hotels & Restaurants						
Jubilant Foodworks						
Net sales	7,798	9,291	9,097	16.7	(2.1)	We model 10% SSG (base quarter SSG: 26.5%). We build in 24 Domino's store additions and no store additions in DD (net).
EBITDA	1,278	1,706	1,526	19.4	(10.6)	
EBIT	899	1,333	1,143	27.1	(14.2)	
PBT	1,027	1,471	1,270	23.7	(13.7)	
Reported PAT	681	965	838	23.1	(13.2)	We expect EBITDA margins to be limited to 40 bps yoy, despite gross margins expanding 60 bps. Some start-up costs related to Hong's Kitchen will have a modest impact on margins.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	681	965	838	23.1	(13.2)	
EPS (Rs/share)	5.8	5.8	5.8	0.0	0.0	
EBITDA margin (%)	16.4	18.4	16.8	38 bps	-159 bps	
Lemon Tree Hotels						
Net sales	1,320	1,434	1,521	15.2	6.1	We factor ARR of Rs4,510/day (+6% yoy) and occupancy of 76% for 4QFY19E.
EBITDA	(42)	490	578	NM	18.0	
EBIT	(170)	355	440	NM	23.8	
PBT	(293)	168	242	NM	44.1	
Reported PAT	(307)	125	167	NM	34.2	Addition of 292 keys during 3QFY19 will likely continue to weigh on margins.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	(307)	125	167	NM	34.2	
EPS (Rs/share)	(0.4)	0.2	0.2	NM	34.2	
EBITDA margin (%)	(3.2)	34.2	38.0	4123 bps	383 bps	
Internet Software & Services						
Info Edge						
Net sales	2,407	2,811	2,879	19.7	2.5	We expect Naukri to report healthy revenue growth of 19% yoy driven by new client addition and realization growth. Segment margins may remain in the 54-55% band on account of higher investments in tech.
EBITDA	593	833	856	44.3	2.8	
EBIT	538	783	802	49.2	2.5	
PBT	763	1,079	1,093	43.3	1.3	
Reported PAT	(138)	743	765	NM	3.0	We expect 99acres growth to taper to 30% yoy on account of base effect. Other segment EBITDA loss may remain elevated on higher spends in Jeevansathi.
Extraordinaries	(703)	—	—	—	—	
Adjusted PAT	(138)	743	765	NM	3.0	
EPS (Rs/share)	(1.1)	6.1	6.3	NM	3.0	
EBITDA margin (%)	24.7	29.6	29.7	507 bps	9 bps	
Just Dial						
Net sales	2,005	2,268	2,325	16.0	2.5	We expect deferred revenues earned in 9MFY19 to drive 16% yoy revenue growth.
EBITDA	458	552	560	22.2	1.4	
EBIT	374	467	472	26.3	1.1	
PBT	540	807	722	33.7	(10.6)	
Reported PAT	390	573	505	29.7	(11.9)	We expect 30 bps sequential decline in EBITDA margins on higher ad-spends.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	390	573	505	29.7	(11.9)	
EPS (Rs/share)	5.8	8.5	7.8	35.2	(8.2)	
EBITDA margin (%)	22.8	24.3	24.1	123 bps	-28 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	qoq	Comments
IT Services						
HCL Technologies						
Net sales	131,790	156,988	158,965	20.6	1.3	We expect constant currency revenue growth of 2.5% and cross-currency tailwind of 20 bps. We expect revenue growth to be led by IMS segment courtesy ramp up of large deals. On profitability, we expect EBIT margin to decline by 10 bps due to Rupee appreciation and elevated investments in the business. On guidance, we expect the company to guide for 14-16% revenue growth of which will include an inorganic component of 5.4% revenues from the IBM products buyout. We expect HCLT to guide to 8.5-10.5% revenue growth excluding IBM products but including other inorganic components . We expect HCLT to guide for stable margins in FY2020.
EBITDA	30,363	36,314	36,211	19.3	(0.3)	
EBIT	25,830	30,705	31,027	20.1	1.0	
PBT	28,630	31,727	32,107	12.1	1.2	
Reported PAT	22,267	25,957	24,905	11.8	(4.1)	
Extraordinaries	—	—	—	—	—	Deal momentum has been extremely strong with announcement of several large and mega deals. We expect front-ended revenue growth. We expect investor focus on (1) capital allocation in light of aggressive product acquisitions, (2) M&A strategy given that the company has started making a few digital acquisitions, (3) efforts to broad base revenue growth beyond IMS and (4) deflationary impact from renewal of legacy IMS deals.
Adjusted PAT	22,267	25,957	24,905	11.8	(4.1)	
EPS (Rs/share)	15.8	18.4	17.6	11.8	(4.1)	
EBITDA margin (%)	23.0	23.1	22.8	-26 bps	-36 bps	
Hexaware Technologies						
Net sales	10,490	12,524	12,717	21.2	1.5	We expect c/c revenue growth of 2.4% sequentially. We expect growth to be stronger in 2HCY19 powered by ramp up of a US$100+ mn large deal win in the previous quarter. On profitability, we expect 20 bps decline in EBIT margin. We expect headwinds from visa costs to be partially offset by operational efficiencies.
EBITDA	1,626	1,913	1,939	19.3	1.4	
EBIT	1,475	1,755	1,757	19.1	0.1	
PBT	1,679	1,540	1,822	8.5	18.3	
Reported PAT	1,343	1,234	1,456	8.4	18.0	
Extraordinaries	—	0	—	—	—	We expect investor focus on (1) M&A policy - Hexaware expects to spend US$250-300 mn in cash for acquisitions in the next 2-3 years, (2) attrition rates that have increased in the past two quarters and (3) TCV of net new deal wins.
Adjusted PAT	1,343	1,234	1,456	8.4	18.0	
EPS (Rs/share)	4.5	4.1	4.9	8.4	18.0	
EBITDA margin (%)	15.5	15.3	15.2	-26 bps	-3 bps	
Infosys						
Net sales	180,830	214,000	215,199	19.0	0.6	We expect constant currency revenue growth of 1.9% and cross-currency tailwind of 30 bps. 4Q is a seasonally weak quarter, yet we expect robust growth powered by large deal ramp in telecom and other verticals. On profitability, we expect EBIT margin to decline further due to costs associated with large deal ramp up, retention bonuses and investments to accelerate growth. We note that 3QFY19 margin had a one off impact of 40 bps from declassification of Panaya and Skava from assets held for sale. Progress on catch-up with competition on digital competencies will be keenly tracked. The company has made solid progress in large deal signings and seems to be taking steps in turning around the consulting business through high profile hires from competition.
EBITDA	49,300	54,100	52,257	6.0	(3.4)	
EBIT	44,720	48,300	47,368	5.9	(1.9)	
PBT	50,060	55,830	53,663	7.2	(3.9)	
Reported PAT	36,900	36,090	38,637	4.7	7.1	
Extraordinaries	—	(3,172)	—	—	—	We expect Infosys to guide for 8-10% revenue growth in constant currency for FY2020. Infosys has intent to defend EBIT margin band of 22-24% though this will be tested against the backdrop of poor exit margin of 22%. We believe that Infosys' EBIT margin could decline by 100 bps in FY2020. Finally we expect investor focus on (1) TCV of deal wins that has started looking up, (2) attrition rate direction where the company has made a number of interventions to bring it down, (3) progress in service line where the company trails competition viz BPO and IMS and (4) pricing outlook especially in light of fears that the company has focused on growth at any cost approach.
Adjusted PAT	36,900	39,262	38,637	4.7	(1.6)	
EPS (Rs/share)	8.5	9.0	8.9	4.7	(1.6)	
EBITDA margin (%)	27.3	25.3	24.3	-298 bps	-100 bps	
L&T Infotech						
Net sales	20,012	24,729	25,038	25.1	1.3	We expect organic constant currency revenue growth rate of 1.7%. Acquisition of Nielsen+Partner and Ruletronics will add 70 bps to growth. On consolidated basis we expect 2.4% revenue growth and cross-currency tailwind of 30 bps. Revenue growth will be weaker than usual due to lack of project renewals from the top client. This will weigh on growth for the quarter. We expect EBIT margin decline of 140 bps due to a combination of decline in utilization rate and investments in S&M. Rupee appreciation is an additional headwind of 50 bps.
EBITDA	2,920	5,088	4,891	67.5	(3.9)	
EBIT	2,560	4,733	4,464	74.4	(5.7)	
PBT	3,678	5,021	5,054	37.4	0.7	
Reported PAT	2,895	3,753	3,782	30.6	0.8	
Extraordinaries	—	—	—	—	—	We expect forex gains of Rs316 mn as compared to a loss of Rs60 mn in 3QFY19. We expect net profit margin of 15% for the quarter in line with the guidance. We expect investor focus on (1) implications for LTI from the intention of the parent to acquire Mindtree, (2) large deal momentum, (3) outcome of annual client budgeting process and its implications for growth, (4) growth outlook from the top client and (5) status of the hedge book after the recent Rupee appreciation.
Adjusted PAT	2,895	3,753	3,782	30.6	0.8	
EPS (Rs/share)	16.5	21.1	21.2	28.5	0.8	
EBITDA margin (%)	14.6	20.6	19.5	494 bps	-105 bps	
Mindtree						
Net sales	14,640	17,872	18,165	24.1	1.6	We expect revenue growth of 2% in constant currency and a cross-currency tailwind of 40 bps. We expect EBITDA margin to be flat on a sequential basis as headwinds from investments and Rupee appreciation will be offset by operational efficiencies.
EBITDA	2,355	2,833	2,905	23.4	2.6	
EBIT	1,972	2,423	2,473	25.4	2.1	
PBT	2,505	2,223	2,654	6.0	19.4	
Reported PAT	1,822	1,912	1,948	6.9	1.9	
Extraordinaries	—	—	—	—	—	We expect investor focus on (1) management's stance on L&T's takeover bid (2) deal wins and pipeline, (3) growth outlook of top client, (4) recovery in underperforming BFSI vertical and (5) outlook on client budgets against the backdrop of a volatile macro.
Adjusted PAT	1,822	1,912	1,948	6.9	1.9	
EPS (Rs/share)	11.1	11.6	11.9	6.9	1.9	
EBITDA margin (%)	16.1	15.9	16.0	-10 bps	14 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
Mphasis						
Net sales	17,445	19,710	20,649	18.4	4.8	We expect c/c revenue growth of 3.3% and a cross-currency tailwind of 30 bps. We expect 40 bps improvement in EBIT margin. EBIT margin in 3QFY19 had multiple headwinds from wage hike, Stellligent acquisition and lower revenue growth.
EBITDA	3,095	3,306	3,510	13.4	6.2	
EBIT	2,924	3,110	3,336	14.1	7.3	
PBT	3,303	3,581	3,715	12.5	3.7	
Reported PAT	2,377	2,781	2,750	15.7	(1.1)	We expect investor focus to be on (1) deal wins in direct channel and confidence on sustenance of growth in direct core and DXC channel, (2) outlook for Digital Risk practice that contracted in the previous quarter, (3) TCV of deal wins and revenue contribution from Blackstone portfolio companies and (4) commentary on hedges and its impact on margins in FY2020.
Extraordinaries	(131)	—	—	—	—	
Adjusted PAT	2,508	2,781	2,750	9.7	(1.1)	
EPS (Rs/share)	13.0	15.0	14.8	13.9	(1.1)	
EBITDA margin (%)	17.7	16.8	17.0	-75 bps	22 bps	
TCS						
Net sales	320,750	373,380	377,854	17.8	1.2	We expect constant currency (c/c) revenue growth of 1.8% and cross-currency tailwind of 60 bps. We expect stable margins; impact of Rupee appreciation will be offset by tightening of operations. Net profit growth yoy at 15% will be led by acceleration in growth and currency tailwind. We have not assumed any forex gain in the quarter as compared to Rs4.59 bn in the December 2018 quarter resulting in sequential net profit decline.
EBITDA	86,520	100,830	101,614	17.4	0.8	
EBIT	81,470	95,640	96,284	18.2	0.7	
PBT	91,290	107,110	105,287	15.3	(1.7)	
Reported PAT	69,040	81,050	79,487	15.1	(1.9)	TCS has large exposure to the banking vertical. Outcome of the budgeting process and consequent impact on spending will be the key focus area. We expect investor focus on (1) outcome of budgeting process especially in financial services, (2) pipeline of large deals, (3) whether the company can deliver double-digit growth without the support of mega deals and (4) EBIT margin outlook against the backdrop of talent constraints in the US.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	69,040	81,050	79,487	15.1	(1.9)	
EPS (Rs/share)	18.0	21.6	21.2	17.5	(1.9)	
EBITDA margin (%)	27.0	27.0	26.9	-9 bps	-12 bps	
Tech Mahindra						
Net sales	80,545	89,437	89,972	11.7	0.6	We expect constant currency revenue growth of 1% and cross-currency tailwind of 50 bps. Revenue growth will be led by the communications vertical. We expect flattish revenues in the enterprise segment on account of lower revenues in retail and high December 2018 quarter base impact on the manufacturing vertical. We expect EBIT margin to decline due to Rupee depreciation and a spike in depreciation charge. We expect marginal forex gain as compared to forex loss of Rs779 mn in the December 2018 quarter.
EBITDA	14,119	17,226	17,205	21.9	(0.1)	
EBIT	11,133	14,390	14,057	26.3	(2.3)	
PBT	15,119	14,838	15,278	1.1	3.0	
Reported PAT	12,221	12,029	11,343	(7.2)	(5.7)	
Extraordinaries	—	—	—	—	—	We expect strong TCV of new bookings, higher than the usual US$275-325 mn range. We expect investors to focus on (1) demand outlook especially for the telecom vertical and the timelines where 5G deals will start flowing, (2) health of enterprise business especially in the manufacturing vertical where the company has high exposure to the auto sector (3) attrition trend and (4) M&A strategy and capital allocation.
Adjusted PAT	12,221	12,029	11,343	(7.2)	(5.7)	
EPS (Rs/share)	12.4	12.1	11.5	(7.5)	(5.7)	
EBITDA margin (%)	17.5	19.3	19.1	159 bps	-14 bps	
Wipro						
Net sales	138,243	151,506	152,622	10.4	0.7	We expect constant currency revenue growth rate of 1.5% and cross-currency tailwind of 40 bps. Financial services growth rate could moderate from the recent quarter growth of 17% yoy. Spending outlook in financial services is a lot more muted than the same time last year. We expect EBIT margin decline of 30 bps on a sequential basis led by Rupee appreciation and alignment of entry level compensation. We note that March 2018 quarter EBIT margin was impacted by insolvency of a telecom customer.
EBITDA	25,074	33,792	32,673	30.3	(3.3)	
EBIT	19,385	28,668	28,413	46.6	(0.9)	
PBT	22,623	32,402	32,692	44.5	0.9	
Reported PAT	18,027	25,102	25,299	40.3	0.8	
Extraordinaries	—	—	—	—	—	We expect Wipro to guide to 0.5-2.5% revenue growth for June 2019 quarter. June is a seasonally weak quarter for the company. Finally we expect investor focus on (1) outlook for the key growth driver viz financial services vertical, (2) sustainability of margin, (3) state of demand from healthcare vertical, (4) capital allocation and the quantum of buyback and (5) performance of acquired entities.
Adjusted PAT	18,027	25,102	25,299	40.3	0.8	
EPS (Rs/share)	3.0	4.2	4.2	40.1	0.8	
EBITDA margin (%)	18.1	22.3	21.4	326 bps	-90 bps	
Media						
DB Corp.						
Net sales	5,673	6,597	5,968	5.2	(9.5)	We forecast 9% yoy growth in print advertisement revenues partly aided by political advertising ahead of elections. Circulation revenue would be flat yoy (flat volumes as well as flat pricing). We expect 12% yoy growth in radio revenues.
EBITDA	979	1,398	1,048	7.0	(25.0)	
EBIT	737	1,149	798	8.3	(30.6)	
PBT	789	1,149	853	8.2	(25.8)	
Reported PAT	571	757	563	(1.4)	(25.6)	We expect modest yoy increase in EBITDA margin aided by healthy revenue growth and easing newsprint prices. Newsprint costs have declined 30-40% from the peak; we expect a significant decline in RM costs over the next 2-3 quarters. A yoy decline in net profit despite marginal EBITDA growth is due to a lower tax rate (non-recurring) in the base quarter.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	571	757	563	(1.4)	(25.6)	
EPS (Rs/share)	3.1	4.3	3.2	3.5	(25.6)	
EBITDA margin (%)	17.3	21.2	17.6	29 bps	-363 bps	
DishTV						
Net sales	15,324	15,175	15,475	1.0	2.0	We forecast net subscriber addition of 200K and ARPU increase of 1% qoq partly aided by implementation of TRAI tariff order and market share gain from DD Freedish
EBITDA	4,007	5,176	5,415	35.1	4.6	
EBIT	536	1,644	1,865	247.9	13.4	
PBT	(666)	465	710	NM	52.7	
Reported PAT	1,182	1,527	610	(48.4)	(60.0)	We expect EBITDA margin to increase 90 bps qoq to 35%. Yoy financials are not comparable as base quarter numbers were impacted by one-offs pertaining to the merger.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,182	1,527	610	(48.4)	(60.0)	
EPS (Rs/share)	0.6	0.8	0.3	(47.2)	(60.0)	
EBITDA margin (%)	26.1	34.1	35.0	884 bps	88 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	qoq	Comments
Jagran Prakashan						
Net sales	5,481	6,138	5,977	9.1	(2.6)	We expect 10% yoy growth in print advertisement revenues partly aided by government/political advertising ahead of elections. We model 15% yoy growth in radio revenues.
EBITDA	1,204	1,326	1,321	9.8	(0.4)	
EBIT	853	996	988	15.8	(0.7)	
PBT	918	1,063	1,052	14.7	(1.0)	
Reported PAT	590	663	659	11.8	(0.5)	
Extraordinaries	—	—	—	—	—	Newsprint costs have declined 30-40% from the peak, we expect a modest benefit in 4QFY19 with the bulk of the benefit likely to reflect over the next 2-3 quarters.
Adjusted PAT	590	663	659	11.8	(0.5)	
EPS (Rs/share)	1.9	2.2	2.2	17.5	(0.5)	
EBITDA margin (%)	22.0	21.6	22.1	13 bps	49 bps	
Sun TV Network						
Net sales	7,170	9,045	9,520	32.8	5.3	We model some impact on advertising and subscription revenues from the ongoing implementation of TRAI's tariff order. We forecast 7.5% yoy growth in advertisement revenues (including slot sales) partly aided by Bangla GEC launch. We estimate 15%/15% yoy growth in domestic DTH/cable subscription revenues aided by ongoing digitization in the Tamil Nadu market. We model (1) Rs1 bn revenues from the movie production business (nil in the base quarter) aided by success of Sun's Tamil movie, Petta, and (2) Rs600 mn from IPL for eight days (3 matches).
EBITDA	4,204	5,076	4,424	5.2	(12.8)	
EBIT	4,034	4,911	4,254	5.5	(13.4)	
PBT	4,393	5,420	4,797	9.2	(11.5)	
Reported PAT	2,898	3,513	3,166	9.3	(9.9)	We expect a sharp decline in EBIT margin due to (1) margin dilution pertaining to movie production business (not present in the base quarter). We estimate amortization costs of Rs1.3 bn pertaining to movie production ('Petta' + residual costs of 'Sarkar'), (2) IPL costs of Rs300 mn pertaining to eight days, and (3) EBIT loss of Rs150 mn in the Bangla market (launch expenses + operating loss). Adjusted for the same, we expect 100 bps expansion in the underlying EBITDA margin led by healthy growth in domestic subscription revenues.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,898	3,513	3,166	9.3	(9.9)	
EPS (Rs/share)	7.4	8.9	8.0	9.3	(9.9)	
EBITDA margin (%)	58.6	56.1	46.5	-1217 bps	-966 bps	
Zee Entertainment Enterprises						
Net sales	17,253	21,668	19,382	12.3	(10.6)	We expect a muted quarter for broadcasters due to ongoing implementation of TRAI's tariff order (brace for some interim impact on subscription and advertising revenues). We expect 11% yoy growth in advertisement revenues and 3% yoy growth in domestic subscription revenues. We expect other operating sales of Rs2.1 bn (+62 yoy) partly aided by the movie production business (theatrical revenues of 'Manikarnika').
EBITDA	5,062	7,543	5,106	0.9	(32.3)	
EBIT	4,468	6,929	4,486	0.4	(35.3)	
PBT	5,106	8,110	4,831	(5.4)	(40.4)	
Reported PAT	2,310	5,628	3,188	38.0	(43.3)	
Extraordinaries	-	-	-	—	—	We expect 300 bps yoy decline in EBITDA margin largely due to weakness in revenue growth. Adjusted PAT/EPS is excluding RPS impact. Investor focus will be on (1) progress around promoter stake sale, and (2) cash generation in FY2019.
Adjusted PAT	3,938	5,252	3,188	(19.0)	(39.3)	
EPS (Rs/share)	4.1	5.5	3.3	(19.0)	(39.3)	
EBITDA margin (%)	29.3	34.8	26.3	-300 bps	-847 bps	
Metals & Mining						
Hindalco Industries						
Net sales	116,811	119,377	112,075	(4.1)	(6.1)	We estimate India EBITDA (including Utkal Alumina) to decline by 16% qoq to Rs14.3 bn (-11% yoy) due to lower LME aluminum prices (US$1,860/ton, -5% qoq).
EBITDA	12,576	9,282	9,702	(22.9)	4.5	
EBIT	7,978	4,991	5,368	(32.7)	7.5	
PBT	5,563	3,381	3,003	(46.0)	(11.2)	
Reported PAT	3,770	2,475	1,982	(47.4)	(19.9)	
Extraordinaries	—	—	—	—	—	We estimate aluminum EBITDA (including Utkal) to decline by 21% qoq to Rs10.1 bn (-20% yoy)—favorable hedges will partially offset the impact of lower aluminum prices on earnings.
Adjusted PAT	3,770	2,475	1,982	(47.4)	(19.9)	
EPS (Rs/share)	1.7	1.1	0.9	(47.4)	(19.9)	
EBITDA margin (%)	10.8	7.8	8.7	-211 bps	88 bps	
Hindustan Zinc						
Net sales	62,770	55,400	53,494	(14.8)	(3.4)	The company's (1) zinc production declined 7% qoq to 174,000 tons (-16% yoy) and, (2) lead production declined 2% qoq to 53,000 tons (+6% yoy) due to lower mined metal volumes (245,000 tons, -1% qoq). Silver production increased 7% qoq to 190 tons (+12% yoy) aided by rich mine grades at SK mines.
EBITDA	36,200	28,380	25,853	(28.6)	(8.9)	
EBIT	31,610	23,490	21,060	(33.4)	(10.3)	
PBT	36,020	28,480	24,410	(32.2)	(14.3)	
Reported PAT	25,050	22,110	18,303	(26.9)	(17.2)	
Extraordinaries	(510)	—	—	—	—	Increase in zinc, lead prices by 3% qoq and silver prices by 7% qoq will aid earnings. The sequential decline in earnings is largely due to lower production volumes.
Adjusted PAT	25,443	22,110	18,303	(28.1)	(17.2)	
EPS (Rs/share)	6.0	5.2	4.3	(28.1)	(17.2)	
EBITDA margin (%)	57.7	51.2	48.3	-935 bps	-290 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
Jindal Steel and Power						
Net sales	86,923	95,137	106,405	22.4	11.8	
EBITDA	21,365	19,463	21,118	(1.2)	8.5	We estimate JSP's steel EBITDA/ton to decline by 6% qoq to Rs10,900/ton (-15% yoy) due to (1) 3% qoq decline in steel realizations, partially offset by (2) lower iron-ore costs. We model India steel deliveries of 1.46 mn tons (+22% qoq, +24% yoy) led by full ramp-up of blast-furnace and restart of DRI plant at Angul.
EBIT	11,766	9,106	10,709	(9.0)	17.6	
PBT	1,057	136	1,772	67.6	1,206.9	
Reported PAT	(3,081)	(241)	730	NM	NM	
Extraordinaries	(4,376)	—	—	—	—	
Adjusted PAT	(18)	(241)	730	NM	NM	Jindal Power's generation was flat qoq at 2.6 bn units (+13% yoy) in 4QFY19. We estimate Jindal Power's EBITDA to decline by 3% yoy to Rs2.6 bn (-6% yoy) due to higher coal costs.
EPS (Rs/share)	(0.0)	(0.3)	0.8	NM	NM	
EBITDA margin (%)	24.6	20.5	19.8	-474 bps	-62 bps	
JSW Steel						
Net sales	208,170	203,180	213,831	2.7	5.2	
EBITDA	52,900	45,010	41,955	(20.7)	(6.8)	We expect 4% qoq decline in blended steel realizations due to a drop in domestic and export prices. We note that HRC prices declined by 6-8% qoq while long product prices declined by 1-3% qoq in 4QFY19.
EBIT	44,250	34,230	31,110	(29.7)	(9.1)	
PBT	35,870	24,390	21,171	(41.0)	(13.2)	
Reported PAT	29,960	16,240	14,348	(52.1)	(11.7)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	29,960	16,240	14,348	(52.1)	(11.7)	We expect raw-material costs to decline led by lower iron-ore prices, partially offset by an increase in coking coal costs. We estimate EBITDA/ton to decline 17% qoq to Rs10,040 (-16% yoy).
EPS (Rs/share)	12.4	6.7	6.0	(51.9)	(11.7)	
EBITDA margin (%)	25.4	22.2	19.6	-580 bps	-254 bps	
National Aluminium Co.						
Net sales	28,632	27,189	25,231	(11.9)	(7.2)	
EBITDA	4,897	5,130	4,781	(2.4)	(6.8)	Earnings decline is due to a fall in (1) alumina prices by 13% qoq to US$386/ton (+3% yoy), and (2) LME aluminum prices by 5% qoq to US$1,860/ton.
EBIT	3,629	3,949	3,588	(1.1)	(9.1)	
PBT	4,197	4,701	4,348	3.6	(7.5)	
Reported PAT	2,571	3,018	2,869	11.6	(4.9)	
Extraordinaries	64	—	—	—	—	
Adjusted PAT	2,571	3,018	2,869	11.6	(4.9)	We model (1) 19% qoq increase in alumina sales to 350,000 tons (-21% yoy) aided by sales of inventories, and (2) 1% qoq increase in aluminum sales to 110,000 tons (-2% yoy).
EPS (Rs/share)	1.3	1.6	1.5	11.6	(4.9)	
EBITDA margin (%)	17.1	18.9	18.9	184 bps	8 bps	
NMDC						
Net sales	38,830	36,494	37,646	(3.0)	3.2	
EBITDA	19,010	21,544	19,121	0.6	(11.2)	NMDC's iron-ore sales declined 3% yoy to 10.2 mn tons (+17% qoq) in 4QFY19 due to closure of mines in Karnataka since November 2018. We estimate blended iron-ore realizations to decline by 12% qoq to Rs3,700/ton due to a fall in prices from December 2018.
EBIT	18,308	20,850	18,420	0.6	(11.7)	
PBT	19,933	22,115	19,697	(1.2)	(10.9)	
Reported PAT	11,060	13,891	13,000	17.5	(6.4)	
Extraordinaries	(6)	—	—	—	—	
Adjusted PAT	11,064	15,768	13,000	17.5	(17.6)	We estimate EBITDA/ton to decline to Rs1,875/ton (-24% qoq, +4% yoy) due to lower realizations and higher cost. We factor higher other expenses in the quarter due to provisioning for CSR expenditure.
EPS (Rs/share)	3.5	5.0	4.1	17.5	(17.6)	
EBITDA margin (%)	49.0	59.0	50.8	183 bps	-825 bps	
Tata Steel						
Net sales	361,323	412,199	435,393	20.5	5.6	
EBITDA	64,989	67,233	68,637	5.6	2.1	We estimate India steel realizations to decline by 3% qoq due to a fall in domestic and global steel prices. We estimate India EBITDA/ton to decline by 6% qoq to Rs14,430/ton (-9% yoy) due to lower realizations partially offset by lower costs.
EBIT	49,868	47,978	49,189	(1.4)	2.5	
PBT	37,808	30,693	32,093	(15.1)	4.6	
Reported PAT	101,872	22,841	25,780	(74.7)	12.9	
Extraordinaries	113,761	324	—	—	—	
Adjusted PAT	32,633	22,517	25,780	(21.0)	14.5	We estimate Europe EBITDA/ton to decline to US$50/ton (US$56/ton in 3QFY19) due to lower steel spreads. We estimate EBITDA at Bhushan Steel to increase 3% qoq to Rs10.4 bn aided by higher sales volumes (1.1 mn tons, +19% qoq) partially offset by 14% qoq decline in EBITDA/ton to Rs9,450/ton.
EPS (Rs/share)	28.5	19.6	22.5	(21.0)	14.5	
EBITDA margin (%)	18.0	16.3	15.8	-223 bps	-55 bps	
Vedanta						
Net sales	276,300	236,690	241,674	(12.5)	2.1	
EBITDA	78,370	56,450	58,201	(25.7)	3.1	We expect EBITDA to increase for (1) Zinc International to Rs4.6 bn (Rs2 bn in 3QFY19) led by ramp-up of Gamsberg mine and lower costs, (2) aluminum operations to Rs1.2 bn (loss of Rs840 mn in 3QFY19 adjusted for one-off gains) led by lower alumina and energy costs.
EBIT	61,540	34,380	35,910	(41.6)	4.5	
PBT	57,230	34,780	35,114	(38.6)	1.0	
Reported PAT	32,660	15,740	17,282	(47.1)	9.8	
Extraordinaries	8,190	—	—	—	—	
Adjusted PAT	24,200	15,740	17,282	(28.6)	9.8	We expect EBITDA to decline for (1) Zinc India to Rs25.9 bn (-9% qoq, -29% yoy) due to lower metal volumes, (2) oil & gas operations to Rs19.3 bn (-2% qoq, +28% yoy) due to a decline in crude realizations.
EPS (Rs/share)	6.5	4.2	4.6	(28.6)	9.8	
EBITDA margin (%)	28.4	23.8	24.1	-429 bps	23 bps	

Source: Companies, Kotak Institutional Equities estimates

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

				Change (%)		
	Mar-18	Dec-18	Mar-19E	yoy	qoq	Comments
Oil, Gas & Consumable Fuels						
BPCL						
Net sales	652,393	791,688	844,366	29.4	6.7	
EBITDA	37,216	7,374	60,838	63.5	725.1	We expect BPCL to report strong EBITDA driven by (1) elevated marketing margins (+Rs3.75/liter qoq) on auto fuels and (2) adventitious gains of Rs12 bn.
EBIT	29,803	(408)	52,459	76.0	NM	
PBT	35,939	5,895	58,843	63.7	898.2	
Reported PAT	26,736	4,951	38,836	45.3	684.4	
Extraordinaries	—	—	—	—	—	We assume (1) 5% qoq increase in crude throughput to 7.9 mn tons, (2) 6% yoy increase in sales volumes to 11.4 mn tons and (3) lower normalized refining margins at US$2.4/bbl (-US$3.6/bbl qoq).
Adjusted PAT	26,736	4,951	38,836	45.3	684.4	
EPS (Rs/share)	13.6	2.5	19.7	45.3	684.4	
EBITDA margin (%)	5.7	0.9	7.2	150 bps	627 bps	
Coal India						
Net sales	251,087	233,854	249,362	(0.7)	6.6	
EBITDA	(16,050)	51,274	53,208	NM	3.8	We expect +2.9% yoy growth in volumes with dispatches of 163 mn tons in 4QFY19.
EBIT	(25,358)	42,664	44,358	NM	4.0	
PBT	11,521	70,281	72,806	531.9	3.6	
Reported PAT	12,942	45,658	47,695	268.5	4.5	
Extraordinaries	—	—	—	—	—	Blended realizations will remain flat at Rs1,495/ton in 4QFY19E, benefit of increase in notified prices was there in 4QFY19 as well, and higher e-auction realizations are offset by lower quantum of e-auction sales.
Adjusted PAT	12,942	45,658	47,695	268.5	4.5	
EPS (Rs/share)	2.1	7.4	7.7	268.5	4.5	
EBITDA margin (%)	(6.4)	21.9	21.3	2772 bps	-59 bps	
HPCL						
Net sales	608,101	721,118	776,632	27.7	7.7	
EBITDA	29,226	9,632	51,456	76.1	434.2	We expect HPCL to report strong EBITDA driven by (1) elevated marketing margins (+Rs3.75/liter qoq) on auto fuels and (2) adventitious gains of Rs12 bn, which will be partly offset by lower underlying refining margins.
EBIT	21,973	2,239	43,670	98.7	1,850.5	
PBT	23,624	4,704	45,973	94.6	877.4	
Reported PAT	17,479	2,476	30,342	73.6	1,125.7	
Extraordinaries	—	—	—	—	—	We assume (1) 1% qoq decline in crude throughput to 4.5 mn tons, (2) 7% yoy increase in sales volumes to 10 mn tons and (3) lower normalized refining margins at US$2.1/bbl (-US$7.9/bbl qoq).
Adjusted PAT	17,479	2,476	30,342	73.6	1,125.7	
EPS (Rs/share)	11.5	1.6	19.9	73.6	1,125.7	
EBITDA margin (%)	4.8	1.3	6.6	181 bps	528 bps	
IOCL						
Net sales	1,173,685	1,399,689	1,410,932	20.2	0.8	
EBITDA	106,542	36,101	133,634	25.4	270.2	We expect IOCL to report strong EBITDA driven by (1) elevated marketing margins (+Rs3.75/liter qoq) on auto fuels and (2) adventitious gains of Rs32 bn, which will be partly offset by lower underlying refining margins.
EBIT	87,206	17,495	113,325	30.0	547.8	
PBT	79,516	13,446	116,365	46.3	765.4	
Reported PAT	52,181	7,168	76,219	46.1	963.3	
Extraordinaries	813	—	—	—	—	We assume (1) 8% qoq decline in crude throughput to 17.5 mn tons amid shutdowns, (2) 5% yoy increase in sales volumes to 21.8 mn tons and (3) lower normalized refining margins at US$2.2/bbl (-US$7/bbl qoq).
Adjusted PAT	51,653	7,168	76,219	47.6	963.3	
EPS (Rs/share)	5.4	0.8	8.0	47.6	963.3	
EBITDA margin (%)	9.1	2.6	9.5	39 bps	689 bps	
ONGC						
Net sales	239,698	276,941	253,407	5.7	(8.5)	
EBITDA	113,822	165,708	130,669	14.8	(21.1)	We expect qoq decline in EBITDA led by (1) lower net crude realization at US$53/bbl (-US$13/bbl qoq) including US$8.5/bbl of subsidy pertaining to shortfall in budgeted kerosene subsidies, (2) a stronger Rupee and (3) lower LPG prices.
EBIT	51,009	104,191	70,401	38.0	(32.4)	
PBT	82,405	120,630	73,512	(10.8)	(39.1)	
Reported PAT	59,151	82,627	47,741	(19.3)	(42.2)	
Extraordinaries	—	—	—	—	—	We model (1) 1% qoq decline in oil sales to 5.3 mn tons (yoy numbers are not comparable due to adjustment in JV entitlement) and (2) 9% growth in gas sales to 5.2 bcm.
Adjusted PAT	59,151	82,627	47,741	(19.3)	(42.2)	
EPS (Rs/share)	4.6	6.4	3.7	(19.3)	(42.2)	
EBITDA margin (%)	47.5	59.8	51.6	407 bps	-828 bps	
Oil India						
Net sales	29,984	35,140	26,569	(11.4)	(24.4)	
EBITDA	10,598	15,647	9,270	(12.5)	(40.8)	We expect qoq decline in EBITDA led by (1) lower net crude realization at US$54/bbl (-US$12/bbl qoq) including US$8/bbl of subsidy pertaining to shortfall in budgeted kerosene subsidies and (2) 7-8% qoq decline in oil and gas volumes.
EBIT	6,907	11,521	5,134	(25.7)	(55.4)	
PBT	13,695	16,317	6,948	(49.3)	(57.4)	
Reported PAT	8,665	12,335	4,671	(46.1)	(62.1)	
Extraordinaries	(1,900)	—	—	—	—	We model 10% yoy decline in crude oil sales volumes to 0.75 mn tons and 4% yoy growth in natural gas sales volumes to 0.6 bcm, reflecting production in recent months.
Adjusted PAT	10,061	12,335	4,671	(53.6)	(62.1)	
EPS (Rs/share)	8.4	10.3	3.9	(53.6)	(62.1)	
EBITDA margin (%)	35.3	44.5	34.9	-46 bps	-964 bps	
Reliance Industries						
Net sales	1,169,150	1,563,970	1,580,576	35.2	1.1	
EBITDA	184,690	213,170	215,853	16.9	1.3	We expect 3% qoq decline in standalone EBITDA led by a sharp decline in refining margins to US$7/bbl (-US$1.8/bbl qoq) amid lower spreads, L-H differential and throughput, which will be partly offset by modest improvement in overall margins for petchem segment.
EBIT	136,170	160,800	161,529	18.6	0.5	
PBT	132,540	144,210	143,372	8.2	(0.6)	
Reported PAT	94,350	102,510	103,380	9.6	0.8	
Extraordinaries	—	—	—	—	—	We expect a modest 1% qoq increase in consolidated EBITDA as a decline in standalone contribution due to weak refining margins will be more than offset by likely increase in contribution from Jio (+Rs6 bn) and retail (+Rs2 bn).
Adjusted PAT	94,350	102,510	103,380	9.6	0.8	
EPS (Rs/share)	15.9	17.3	17	9.5	0.8	
EBITDA margin (%)	15.8	13.6	13.7	-215 bps	2 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
Pharmaceuticals						
Aurobindo Pharma						
Net sales	40,491	52,697	51,216	26.5	(2.8)	We expect the US business to grow by US$325 mn (-US$10 mn qoq), reflecting stable ertapenem sales. We expect the RoW business to grow by 24% yoy, and EU business to grow by 23% yoy, reflecting full quarter revenues from Apotex acquisition. We expect ARV sales to grow 87% yoy off a low base.
EBITDA	8,040	10,864	10,214	27.0	(6.0)	
EBIT	6,474	9,233	8,515	31.5	(7.8)	
PBT	6,665	8,665	8,225	23.4	(5.1)	
Reported PAT	5,444	7,122	6,416	17.8	(9.9)	
Extraordinaries	—	505	74	—	(85.3)	We expect EBITDA margins at 20% in 4QFY19. We expect EPS to grow 18% yoy and decline 10% qoq.
Adjusted PAT	5,444	7,122	6,416	17.8	(9.9)	
EPS (Rs/share)	9.3	12.2	11.0	17.8	(9.9)	
EBITDA margin (%)	19.9	20.6	19.9	8 bps	-68 bps	
Biocon						
Net sales	11,695	15,408	15,387	31.6	(0.1)	We expect 32% yoy growth in 4QFY19 driven by biologics (+102% yoy; +10% qoq) given the benefits of the recent US (Fulphila) and EU launches (Semglee and Hulio), as well as increasing contribution from RoW exports. We expect small molecules and research services to have steady growth (~20% each) and expect domestic formulations to grow 12% yoy.
EBITDA	2,330	3,807	3,732	60.2	(2.0)	
EBIT	1,373	2,636	2,502	82.2	(5.1)	
PBT	1,879	2,706	2,642	40.6	(2.4)	
Reported PAT	1,304	2,172	1,762	35.2	(18.9)	
Extraordinaries	—	55	—	—	—	We expect steady 24.3% EBITDA margin in the quarter (-50 bps qoq). We expect EPS to grow 35% yoy and decline 17% qoq.
Adjusted PAT	1,304	2,117	1,762	35.2	(16.7)	
EPS (Rs/share)	2.2	3.5	2.9	35.0	(16.7)	
EBITDA margin (%)	19.9	24.7	24.3	432 bps	-46 bps	
Cipla						
Net sales	36,980	40,075	39,691	7.3	(1.0)	We expect domestic formulations growth to be muted with 10% yoy growth (-6% qoq). We expect US sales to grow US$6 mn to US$124 mn in the quarter, as we expect the DTM business to benefit from scale-up in key existing products including diclofenac gel, and also benefit from newer launches such as cinacalcet. We expect South Africa, Global access and RoW to remain under pressure, declining 14%, 27% and 2% yoy, due to lower tender revenues.
EBITDA	5,569	7,077	6,075	9.1	(14.1)	
EBIT	2,721	4,145	3,100	14.0	(25.2)	
PBT	1,993	4,489	3,957	98.5	(11.9)	
Reported PAT	1,531	3,322	2,958	93.2	(11.0)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,531	3,322	2,958	93.2	(11.0)	We expect EBITDA margins to contract to 15.3%, with R&D likely to remain at 7.7% of sales, due to negative operating leverage and seasonal impact from lower domestic sales.
EPS (Rs/share)	1.9	4.1	3.7	93.2	(11.0)	
EBITDA margin (%)	15.1	17.7	15.3	24 bps	-236 bps	
Dr Reddy's Laboratories						
Net sales	35,349	38,500	38,075	7.7	(1.1)	We expect the US business to grow US$10 mn qoq, given benefits of propofol and Suboxone launches, offset by continued erosion in metoprolol sales. We forecast 13% yoy growth for India, while we expect Russia/CIS to grow 17% yoy with CIS benefitting from a favorable base effect as well. We expect RoW to grow at 27% yoy and proprietary products to continue with the sluggish trends with only 6% qoq growth off a low base.
EBITDA	5,510	8,156	7,855	42.6	(3.7)	
EBIT	2,480	5,048	4,485	80.8	(11.2)	
PBT	3,679	5,716	5,392	46.5	(5.7)	
Reported PAT	3,022	4,852	4,136	36.9	(14.8)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	3,022	4,852	4,136	36.9	(14.8)	We expect gross margin to likely remain stable at ~55% in the quarter. We expect EBITDA margin at 20.6%, benefitting from cost control in SG&A (flat qoq), offset by higher R&D spends. We expect EPS to grow 37% yoy.
EPS (Rs/share)	18.2	29.2	24.9	36.9	(14.8)	
EBITDA margin (%)	15.6	21.2	20.6	504 bps	-56 bps	
Laurus Labs						
Net sales	5,602	5,295	6,152	9.8	16.2	We expect ARV APIs to remain flat on yoy basis (+14% qoq) and Hep-C to bounce back in the quarter. We expect ingredients to remain flat yoy, and expect 53% yoy growth in the synthesis business. We expect US formulations to have only a modest contribution in the quarter (Rs70 mn), and expect US$2 mn contribution from the first tender formulation sales in Africa.
EBITDA	1,169	877	1,199	2.6	36.7	
EBIT	823	450	759	(7.7)	68.7	
PBT	641	228	580	(9.5)	154.9	
Reported PAT	451	178	448	(0.6)	151.5	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	451	399	669	48.3	67.7	We expect gross margins to improve to 46.8% (+40 bps qoq) helped by product mix, with partial benefits of shift in intermediate source. We expect EBITDA margins to expand 290 bps qoq to 19.5%.
EPS (Rs/share)	4.3	3.8	6.3	48.3	67.7	
EBITDA margin (%)	20.9	16.6	19.5	-138 bps	291 bps	
Lupin						
Net sales	40,338	45,049	44,077	9.3	(2.2)	We expect the US business to grow US$50 mn qoq, given Ranexa exclusivity, and supported by a stable base business as well as Tamiflu contribution. Our estimates also include US$3 mn qoq growth in Solosec. We expect the domestic business to grow 14% yoy, South Africa and Europe to grow 10% and 8% yoy respectively, and Japan to grow 7%.
EBITDA	7,088	7,525	7,463	5.3	(0.8)	
EBIT	4,359	4,728	4,652	6.7	(1.6)	
PBT	5,223	4,364	4,865	(6.9)	11.5	
Reported PAT	(7,835)	(1,518)	4,029	NM	NM	
Extraordinaries	(14,644)	(3,422)	—	—	—	We expect EBITDA margins (excluding licensing income in 3QFY19) to expand by 430 bps qoq to ~17%, driven by US scale-up, particularly, Ranexa exclusivity. We expect 112% qoq jump in EPS, though, yearly EPS numbers are not comparable given Gavis write-off in 4QFY18.
Adjusted PAT	3,991	(1,518)	4,029	1.0	NM	
EPS (Rs/share)	8.9	(3.4)	9.0	1.0	NM	
EBITDA margin (%)	17.6	16.7	16.9	-64 bps	22 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
Sun Pharmaceuticals						
Net sales	69,771	77,402	79,358	13.7	2.5	We expect Taro revenues to grow US$5 mn qoq. We expect SUNP's ex-Taro US revenues to jump by US$25 mn qoq, factoring in some base business recovery, with US$6 mn contribution from Ilumya. We expect domestic business to grow at 13% yoy.
EBITDA	16,835	21,529	17,846	6.0	(17.1)	
EBIT	12,283	16,818	12,919	5.2	(23.2)	
PBT	13,756	17,301	13,873	0.8	(19.8)	
Reported PAT	13,323	12,400	10,182	(23.6)	(17.9)	We expect EBITDA margins at 22.5%, reflecting the launch costs for Ilumya, as well as higher R&D spend (7.9% of sales). We expect base Taro EBITDA margins to decline 150 bps in the quarter and expect ex-Taro EBITDA margin at ~17%. We expect EPS to decline 3% yoy and 18% qoq.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	10,504	12,419	10,182	(3.1)	(18.0)	
EPS (Rs/share)	4.4	5.2	4.2	(3.1)	(18.0)	
EBITDA margin (%)	24.1	27.8	22.5	-165 bps	-533 bps	
Torrent Pharmaceuticals						
Net sales	17,220	20,510	19,758	14.7	(3.7)	4QFY19 will reflect the first yoy comparison for the domestic portfolio post Unichem acquisition, reflecting the organic growth rate of the domestic portfolio. We expect domestic segment to grow 12.2% yoy. We expect LatAm to decline 18% yoy and expect other branded markets to grow 18% yoy. We expect Europe to be grow at 12% yoy and expect US to grow by US$2 mn qoq.
EBITDA	3,640	5,610	5,339	46.7	(4.8)	
EBIT	2,130	4,050	3,735	75.3	(7.8)	
PBT	1,340	2,750	2,481	85.2	(9.8)	
Reported PAT	2,280	2,460	1,993	(12.6)	(19.0)	
Extraordinaries	—	—	—	—	—	We expect EBITDA margins to stay flat qoq, though, our numbers do not include any potential charges related to losartan recalls in the US and any potential failure to supply penalties. PAT numbers are strictly not comparable given the deferred tax adjustments as well as Rs500 mn one-off charges booked in 4QFY18.
Adjusted PAT	2,280	2,460	1,993	(12.6)	(19.0)	
EPS (Rs/share)	13.5	14.6	11.8	(12.6)	(19.0)	
EBITDA margin (%)	21.1	27.4	27.0	588 bps	-33 bps	
Real Estate						
Brigade Enterprises						
Net sales	4,335	6,877	8,436	94.6	22.7	We estimate revenue recognition of Rs8.4 bn at 25% EBITDA margin, though we highlight that revenue is not comparable to the same period last year.
EBITDA	1,348	1,759	2,112	56.6	20.0	
EBIT	976	1,440	1,789	83.4	24.3	
PBT	371	845	1,208	225.6	43.0	
Reported PAT	244	489	662	171.0	35.3	We estimate strong growth in hospitality and leasing segment with revenues of Rs1.7 bn (+18% yoy) on the back of stabilization of new hotel properties as well as incremental lease revenues.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	248	487	662	167.2	35.8	
EBITDA margin (%)	31.1	25.6	25.0	-607 bps	-56 bps	
DLF						
Net sales	13,777	22,193	20,965	52.2	(5.5)	DCCDL,which shifted to equity method of accounting from 3QFY18 is likely to report 8% yoy increase in revenues at Rs10.5 bn.
EBITDA	(138)	6,399	5,813	NM	(9.2)	
EBIT	(761)	5,837	5,245	NM	(10.1)	
PBT	(1,248)	2,375	1,919	NM	(19.2)	
Tax	334	1,263	745	122.7	(41.0)	
Reported PAT	517	3,337	3,526	581.7	5.7	Sales momentum is likely to continue with estimated sales of Rs6 bn for the quarter.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	393	3,432	3,526	798.5	2.8	
EBITDA margin (%)	(1.0)	28.8	27.7	2873 bps	-111 bps	
Godrej Properties						
Net sales	5,212	3,401	5,249	0.7	54.4	Strong launch pipeline will propel sales during the quarter
EBITDA	(1,074)	(387)	190	NM	NM	
EBIT	(1,118)	(425)	151	NM	NM	
PBT	1,750	(61)	944	(46.0)	NM	
Reported PAT	1,415	416	633	(55.2)	52.1	Earnings are not comparable to prior periods due to change in accounting to project completion method.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,389	415	633	(54.4)	52.6	
EBITDA margin (%)	(20.6)	(11.4)	3.6	2423 bps	1500 bps	
Oberoi Realty						
Net sales	3,450	5,286	12,527	263.1	137.0	Residential revenues of Rs7 bn (+200% yoy) due to revenue recognition of projects in Mulund and Borivali.
EBITDA	1,834	1,881	4,585	150.1	143.8	
EBIT	1,716	1,767	4,465	160.2	152.7	
PBT	1,776	1,920	4,624	160.4	140.8	
Reported PAT	1,419	1,347	3,124	120.2	131.9	Investment properties (hotel+commercial) will yield revenues of Rs1.1 bn (+5% yoy) with incremental contribution on account of improved occupancy at Commerz II.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,429	1,379	3,232	126.1	134.3	
EBITDA margin (%)	53.1	35.6	36.6	-1655 bps	102 bps	
Prestige Estates Projects						
Net sales	18,846	10,776	12,232	(35.1)	13.5	Sales are likely to see an uptick due to launch of new projects to meet target of 10 mn sq. ft of launches in FY2019
EBITDA	3,702	3,437	4,094	10.6	19.1	
EBIT	3,315	2,567	3,213	(3.1)	25.2	
PBT	2,179	1,030	1,431	(34.3)	38.9	
Reported PAT	1,447	589	901	(37.8)	52.9	Debt level will continue to remain flat as collections from sold units continues to fund construction spend
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,447	589	901	(37.8)	52.9	
EBITDA margin (%)	19.6	31.9	33.5	1382 bps	157 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
Sobha						
Net sales	7,696	7,879	7,885	2.5	0.1	We estimate blended gross profit margin of 40% for 4QFY19.
EBITDA	1,364	1,590	1,451	6.4	(8.7)	
EBIT	1,229	1,429	1,285	4.6	(10.1)	
PBT	907	1,096	964	6.3	(12.1)	
Reported PAT	654	698	634	(3.1)	(9.2)	Revision in GST rates could have an impact on pre-sales during the quarter.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	654	695	634	(3.1)	(8.8)	
EBITDA margin (%)	17.7	20.2	18.4	68 bps	-178 bps	
Sunteck Realty						
Net sales	2,067	1,947	2,268	9.7	16.5	Stable earnings profile with flat revenues of Rs2.3 bn, dependent on sales at completed project in Bandra Kurla Complex as well as incremental recognition at Sunteck City.
EBITDA	1,074	814	1,021	(5.0)	25.4	
EBIT	1,069	807	1,013	(5.2)	25.6	
PBT	1,021	802	1,017	(0.4)	26.9	
Reported PAT	650	420	674	3.7	60.3	Sales momentum gathered in the last quarter on account of Naigaon is likely to continue in 4QFY19E as well
Extraordinaries	—	—	—	—	—	
Adjusted PAT	560	462	674	20.4	46.0	
EPS (Rs/share)	4.0	3.3	4.8	20.4	46.0	
EBITDA margin (%)	52.0	41.8	45.0	-696 bps	319 bps	
Retailing						
Aditya Birla Fashion and Retail						
Net sales	17,536	22,816	20,965	19.6	(8.1)	We expect 20% yoy revenue growth driven by a healthy 20% yoy growth in Pantaloons, 13% growth in Madura and faster growth in innerwear and luxury categories.
EBITDA	1,633	1,729	1,813	11.1	4.9	
EBIT	762	1,049	1,063	39.5	1.4	
PBT	443	702	780	76.1	11.0	
Reported PAT	1,131	702	780	(31.0)	11.0	We expect higher losses in innerwear category to result in ~65 bps yoy margin compression.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,131	702	780	(31.0)	11.0	
EPS (Rs/share)	1.5	0.9	1.0	(31.0)	11.0	
EBITDA margin (%)	9.3	7.6	8.7	-66 bps	107 bps	
Avenue Supermarts						
Net sales	38,100	54,509	51,584	35.4	(5.4)	We expect yoy revenue growth of 35% driven by steady SSSG and ramp-up of revenues from new stores.
EBITDA	2,945	4,533	3,781	28.4	(16.6)	
EBIT	2,480	4,012	3,244	30.8	(19.1)	
PBT	2,497	3,949	3,201	28.2	(18.9)	
Reported PAT	1,671	2,571	2,081	24.5	(19.1)	We expect 40 bps yoy compression in EBITDA margins primarily on account of lower GMs. Sequential profitability decline is largely on account of lower revenues and margins on account of seasonality.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,671	2,571	2,081	24.5	(19.1)	
EPS (Rs/share)	2.7	4.1	3.3	24.5	(19.1)	
EBITDA margin (%)	7.7	8.3	7.3	-40 bps	-99 bps	
Titan Company						
Net sales	39,168	56,722	48,200	23.1	(15.0)	We model (1) 24% yoy growth in jewelry segment revenues, (2) 17% yoy growth in the watches segment revenues, driven by share gains and (3) 19% growth in eyewear.
EBITDA	4,554	5,842	6,570	44.3	12.4	
EBIT	4,253	5,514	6,158	44.8	11.7	
PBT	4,329	5,995	6,367	47.1	6.2	
Reported PAT	2,821	4,162	4,614	63.6	10.9	We expect EBITDA margins to expand 200 bps yoy to 13.6% with strong margin improvement likely for watches and some increase in jewellery margins as well.
Extraordinaries	(540.7)	—	—	—	—	
Adjusted PAT	3,362	4,162	4,614	37.2	10.9	
EPS (Rs/share)	3.8	4.7	5.2	37.2	10.9	
EBITDA margin (%)	11.6	10.3	13.6	200 bps	332 bps	
Speciality Chemicals						
Castrol India						
Net sales	9,271	10,334	10,473	13.0	1.3	We expect Castrol to report 29% yoy jump in EBITDA driven by (1) robust expansion in margins amid a sharp decline in RM costs and stronger Rupee and (2) moderate growth in volumes.
EBITDA	2,743	3,174	3,537	29.0	11.4	
EBIT	2,600	3,028	3,375	29.8	11.5	
PBT	2,821	3,281	3,567	26.4	8.7	
Reported PAT	1,818	2,119	2,300	26.5	8.6	We assume (1) 6% yoy growth in volumes to 54.6 mn liters and (2) ~420 bps yoy expansion in EBITDA margins to 33.8%.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,818	2,119	2,300	26.5	8.6	
EPS (Rs/share)	1.8	2.1	2.3	26.5	8.6	
EBITDA margin (%)	29.6	30.7	33.8	418 bps	305 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
Pidilite Industries						
Net sales	14,853	18,483	17,545	18.1	(5.1)	We model 14% volume growth and 18% revenue growth for the consumer bazaar (CBP) business. We expect strong momentum in water proofing business to continue.
EBITDA	2,739	3,368	3,150	15.0	(6.4)	
EBIT	2,442	3,047	2,804	14.8	(8.0)	
PBT	2,924	3,291	3,210	9.8	(2.5)	
Reported PAT	2,441	2,195	2,201	(9.8)	0.3	We expect some recovery in gross margin on sequential basis in view of prices of key raw materials (VAM, TiO2 and crude derivatives) and rupee appreciation. We model 220 bps qoq improvement in consolidated GM (down 300 bps yoy) and flat EBITDA margin on yoy basis.
Extraordinaries	464.7	—	—	—	—	
Adjusted PAT	1,976	2,195	2,201	11.4	0.3	
EPS (Rs/share)	3.9	4.3	4.3	12.4	0.3	
EBITDA margin (%)	18.4	18.2	18.0	-49 bps	-27 bps	
S H Kelkar and Company						
Net sales	2,833	2,548	2,843	0.3	11.6	Post a disappointing 3QFY19 performance, we expect consolidated revenues to come in broadly flat this quarter.
EBITDA	253	384	394	55.5	2.7	
EBIT	188	295	311	65.2	5.5	
PBT	344	316	349	1.4	10.4	
Reported PAT	213	216	225	5.3	4.1	We expect margins to look better optically as base quarter was impacted by sharp rise in RM prices and increase in other expenses.
Extraordinaries	(27.8)	—	—	—	—	
Adjusted PAT	241	216	225	(6.8)	4.1	
EPS (Rs/share)	1.7	1.5	1.6	(6.8)	4.1	
EBITDA margin (%)	8.9	15.1	13.9	491 bps	-121 bps	
SRF						
Net sales	16,123	19,640	20,156	25.0	2.6	We expect strong 25% yoy jump in revenues driven by sustained growth in the chemicals business reflecting higher volume off-take and increase in realizations.
EBITDA	2,790	3,412	3,387	21.4	(0.7)	
EBIT	1,929	2,480	2,279	18.1	(8.1)	
PBT	1,634	1,988	1,854	13.5	(6.7)	
Reported PAT	1,239	1,657	1,366	10.2	(17.6)	We expect ~60 bps qoq moderation in EBITDA margins to 16.8% due to higher overall operating costs and lower margins for packaging film segment.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,239	1,657	1,366	10.2	(17.6)	
EPS (Rs/share)	21.6	28.9	23.8	10.2	(17.6)	
EBITDA margin (%)	17.3	17.4	16.8	-51 bps	-58 bps	
Telecom						
Bharti Airtel						
Net sales	196,343	205,192	202,186	3.0	(1.5)	India wireless – we expect a modest 1% sequential uptick in revenues to Rs103 bn. Reported ARPU will likely see a sharp 14% qoq uptick to Rs120/sub/month, largely optical on account of the sharp subs base clean-up done in Dec 2018.
EBITDA	69,299	62,180	60,643	(12.5)	(2.5)	
EBIT	20,308	7,457	4,088	(79.9)	(45.2)	
PBT	2,580	(12,036)	(18,352)	(811.3)	52.5	
Reported PAT	829	863	(11,896)	(1,534.9)	(1,479.1)	We expect India wireless EBITDA of Rs20.1 bn, broadly stable versus the Rs19.5 bn print for 3QFY19. Other businesses – we expect sequential decline in EBITDA in all non-India-wireless businesses. Africa EBITDA decline (in INR terms) would primarily be on account of INR appreciation.
Extraordinaries	(3,247)	14,137	—	—	—	
Adjusted PAT	4,076	(13,274)	(11,896)	(391.8)	(10.4)	
EPS (Rs/share)	1.0	(3.3)	(3.0)	(391.8)	(10.4)	
EBITDA margin (%)	35.3	30.3	30.0	-531 bps	-31 bps	
Bharti Infratel						
Net sales	36,622	35,849	37,375	2.1	4.3	We expect a strong sequential EBITDA uptick for Bharti Infratel assuming the recent inexplicable rental/tenant surge continues.
EBITDA	15,923	14,488	16,188	1.7	11.7	
EBIT	10,202	8,761	10,542	3.3	20.3	
PBT	11,029	9,822	11,480	4.1	16.9	
Reported PAT	6,060	6,484	7,984	31.8	23.1	From an operational standpoint, we bake in (a) net sequential tenancy additions of 6,009 and (b) 2.7% qoq and 15.1% yoy jump in rental/tenant to Rs40,034/month. Our PAT estimate (including exit penalty) stands at Rs8 bn.
Extraordinaries	(500)	365	900	NM	146.6	
Adjusted PAT	6,560	6,119	7,084	8.0	15.8	
EPS (Rs/share)	3.5	3.3	3.8	8.0	15.8	
EBITDA margin (%)	43.5	40.4	43.3	-17 bps	289 bps	
Tata Communications						
Net sales	40,086	39,215	39,787	(0.7)	1.5	We expect TCOM to report another quarter of slow progress on key internals – traditional data EBITDA growth and EBITDA break-even in the growth services segment.
EBITDA	5,555	6,326	6,496	16.9	2.7	
EBIT	503	1,091	1,068	112.3	(2.1)	
PBT	1,922	243	166	(91.4)	(31.6)	
Reported PAT	(1,210)	1,733	(331)	(72.7)	(119.1)	We bake in voice segment EBITDA of Rs585 mn and data segment EBITDA of Rs5.91 bn for the quarter. Our forecast of 6% sequential growth in data segment EBITDA primarily flows from expectation of sharp positive swing in growth services EBITDA and stability in other data sub-segments.
Extraordinaries	(1,621)	2,100	—	—	—	
Adjusted PAT	411	(367)	(331)	(180.3)	(10.0)	
EPS (Rs/share)	1.4	(1.3)	(1.2)	(180.3)	(10.0)	
EBITDA margin (%)	13.9	16.1	16.3	247 bps	19 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Mar-18	Dec-18	Mar-19E	Change (%) yoy	Change (%) qoq	Comments
Transportation						
Adani Ports and SEZ						
Net sales	31,829	28,239	28,294	(11.1)	0.2	Cargo tonnage at India's major ports declined modestly by 1.6% in Jan-Feb 2019. We model a higher 18% growth for the portfolio as the portfolio has crossed 200 mn tons for the full year as per a recent press release by the company. Our optimism is also based on better container market growth of 7.4% in Jan-Feb 2019 at India's major ports. Uptick in transhipment volumes, outperformance by Adani Ports portfolio can drive volume growth for the company.
EBITDA	19,314	18,435	18,413	(4.7)	(0.1)	
EBIT	16,325	15,006	14,848	(9.0)	(1.1)	
PBT	16,073	14,934	14,473	(10.0)	(3.1)	
Reported PAT	12,089	10,811	11,698	(3.2)	8.2	
Extraordinaries	(23)	(103)	83	NM	NM	
Adjusted PAT	9,268	14,086	7,532	(18.7)	(46.5)	We model sequentially flat EBITDA margin of 65.1% for Adani Ports in 4QFY19. The company will likely meet its target of achieving port EBITDA margin of 71% in FY2019
EPS (Rs/share)	4.5	6.8	3.6	(18.7)	(46.5)	
EBITDA margin (%)	60.7	65.3	65.1	439 bps	-21 bps	
Container Corp.						
Net sales	15,505	15,722	17,081	10.2	8.6	The EXIM container handling tonnage for Indian Railways grew 5.7% yoy in Jan-Feb 2019. We build in 3% growth in Concor's EXIM handling volumes in 4QFY19E based on provisional numbers shared by the management, implying stable market share. With the price increases taken in FY2019, we expect a higher 9% growth in EXIM revenues in the quarter. We also expect some growth support from domestic volumes. Overall, we expect 13-14% revenue growth in 4QFY19E.
EBITDA	3,432	3,335	3,565	3.9	6.9	
EBIT	2,422	2,277	2,497	3.1	9.7	
PBT	2,831	3,018	3,133	10.7	3.8	
Reported PAT	2,915	2,747	2,767	(5.0)	0.7	
Extraordinaries	533	552	451	(15.4)	(18.3)	We expect qoq moderation in EBITDA margin to 21% for 4QFY19E. The margin part will have two factors - one being the full-quarter impact of haulage charge hike taken by Indian Railways in Nov-2018 and the other being expectation of lower empties cost which had shot up last quarter owing to Concor's 45/90 free storage scheme designed to attract empty containers that subsequently get chased by cargo.
Adjusted PAT	2,381	2,194	2,316	(2.7)	5.5	
EPS (Rs/share)	3.9	3.6	3.8	(2.7)	5.5	
EBITDA margin (%)	22.1	21.2	20.9	-127 bps	-35 bps	
Gateway Distriparks						
Net sales	1,022	1,030	1,133	10.9	10.0	Container cargo at major ports grew 7% yoy in Jan-Feb 2019 whereas EXIM container tonnage for Indian Railways grew ~6% in the same period. This would imply a volume growth higher than 7% for road CFS. We expect a higher ~10% revenue growth in CFS revenues for the quarter. Rail volumes had disappointed last quarter on the back of (1) divergence in pricing by road and rail operators hampering competitive positioning of rail and (2) disruption caused by the ongoing track maintenance and doubling work on the northern corridor. We thus expect modest yoy growth in rail logistics revenues for GDPL.
EBITDA	215	194	202	(6.1)	4.2	
EBIT	131	111	119	(9.5)	7.2	
PBT	146	99	127	(12.9)	28.4	
Reported PAT	225	162	669	197.7	312.1	
Extraordinaries	—	20	469	—	2,247.2	
Adjusted PAT	225	149	207	(7.7)	38.7	We expect 10.5% EBIT margin for the CFS business in 4QFY19, down 20 bps qoq. The margin is likely to get impacted by DPD volumes. We expect Rail Logistics to report 11% EBIT margin, flat qoq led by full quarter impact of haulage charge hike by Indian Railways.
EPS (Rs/share)	2.1	1.4	1.9	(7.7)	38.7	
EBITDA margin (%)	21.1	18.8	17.9	-323 bps	-99 bps	
Gujarat Pipavav Port						
Net sales	1,655	1,747	1,719	3.9	(1.6)	We expect a healthy 17% tonnage growth in 4QFY19. We expect container volumes to grow a strong 19% yoy in the quarter on the back of higher transshipment volumes. We model flat bulk volumes for FY2019 which would imply bulk volume growth of 26% in the quarter, on a low base (2-year CAGR of 6%). We expect sequentially flat realization per ton, down 11% yoy due to greater transshipment volumes. Revenue growth will thus remain subdued at ~4% in the quarter.
EBITDA	930	987	987	6.2	0.0	
EBIT	663	712	704	6.2	(1.2)	
PBT	744	815	821	10.3	0.7	
Reported PAT	488	522	560	14.7	7.2	
Extraordinaries	2	—	—	—	—	We model EBITDA margin of 57.5% in the quarter, up 100 bps qoq, driven by the port's efficiency improvement efforts as well as operating leverage gains. Recent price increase at GPPV is effective from April 7, 2019 and will support realization and margin from 1QFY20.
Adjusted PAT	486	522	560	15.2	7.2	
EPS (Rs/share)	1.0	1.1	1.2	15.2	7.2	
EBITDA margin (%)	56.2	56.5	57.4	122 bps	92 bps	
InterGlobe Aviation						
Net sales	57,991	79,162	77,578	33.8	(2.0)	We expect a 25% yoy growth in RPKs and 7% yoy increase in yields to drive overall yoy revenue growth of 34%.
EBITDA	890	2,192	4,805	439.8	119.1	
EBIT	(396)	154	2,562	NM	1,561.9	
PBT	1,662	1,909	4,142	149.2	117.0	
Reported PAT	1,176	1,909	4,142	252.1	117.0	Recovery in yields and decline in input costs will drive sequential recovery in margins. We do not model forex gains/losses and assume nil tax rate in 4Q on account of losses in 9MFY19.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,176	1,909	4,142	252.1	117.0	
EPS (Rs/share)	3.1	5.0	10.8	252.1	117.0	
EBITDA margin (%)	1.5	2.8	6.2	465 bps	342 bps	
Mahindra Logistics						
Net sales	8,927	9,811	10,300	15.4	5.0	For FY2019, we expect 14% growth in M&M SCM business and a slower 12% growth in non-M&M SCM as 3PL adaption has been slower than expected. YTD performance has been strong for M&M business which we expect to slow down to 10% growth in 4QFY19, also driven by the ongoing slowdown in automotive industry sales. Non-M&M business has grown only 8% yoy in 9MFY19 and we expect some recovery in this area as MLL has kept adding new clients throughout FY2019. On an overall basis, we arrive at 15% yoy growth in revenues in 4QFY19.
EBITDA	377	359	426	13.1	18.6	
EBIT	324	302	357	10.1	18.2	
PBT	324	309	365	12.7	18.2	
Reported PAT	205	192	229	12.0	19.7	We expect EBITDA margin of 4.1% in 4QFY19, marginally higher than 3.9% reported in 9MFY19. This is expected to be led by some improvement in non-M&M margin. In 9MFY19, non-M&M margin was squeezed by higher share of e-commerce sales. However, new client additions in 9MFY19 have been in other high-potential areas such as automotive, power equipment and aviation parts for not only transportation but also warehousing and line-feed activities. As MLL ramps up work for these clients, it will have a positive impact on non-M&M SCM margin.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	205	192	229	12.0	19.7	
EBITDA margin (%)	4.2	3.7	4.1	-9 bps	47 bps	

Source: Companies, Kotak Institutional Equities estimates

Exhibit 8: Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo
		5-Apr-19	(Rs)	(%)	(Rs bn)	(US$ bn)	(mn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	(US$ mn)
Automobiles & Components																													
Amara Raja Batteries	REDUCE	682	700	3	116	1.7	171	29	35	40	4.9	21	14.7	24	19.5	17.0	12.0	10.0	8.6	3.5	3.0	2.7	15.7	16.6	16.6	0.6	0.8	0.9	8.0
Apollo Tyres	BUY	224	310	38	128	1.9	541	16	21	25	20	33	17	13.9	10.5	9.0	7.9	6.7	5.5	1.2	1.1	1.0	9.1	11.2	11.9	1.3	1.3	1.3	7.9
Ashok Leyland	BUY	88	140	60	258	3.7	2,926	6.7	8.0	8.0	12.7	18	(0.2)	13.1	11.0	11.0	8.3	6.8	7.1	3.1	2.6	2.3	25	26	22	2.3	2.7	2.7	33
Bajaj Auto	REDUCE	2,862	2,400	(16)	828	12.0	289	147	162	171	5.0	10.3	5.2	19.4	17.6	16.8	14	12	11.2	3.9	3.5	3.1	21	21	19.7	2.1	2.3	2.4	25
Balkrishna Industries	BUY	990	950	(4)	191	2.8	193	42	49	53	11.1	17	9.6	24	20	18.6	13	11.1	9.9	4.0	3.4	3.0	18.1	18.2	17.1	0.5	0.6	0.6	9.1
Bharat Forge	SELL	512	445	(13)	239	3.4	466	23	25	25	44	6.2	2.3	22	21	20	13	11.6	11.0	4.4	3.8	3.3	21	19.6	17.5	1.0	1.1	1.2	11.7
CEAT	ADD	1,124	1,150	2	45	0.7	40	67	80	91	3.2	19	13.9	16.8	14.1	12.4	9.6	8.5	7.6	1.6	1.5	1.3	9.9	10.8	11.2	0.6	0.7	0.8	8.5
Eicher Motors	SELL	20,980	18,400	(12)	572	8.3	27	855	963	1,039	7.8	12.7	8.0	25	22	20	17	15	14	8.0	6.3	5.1	37	32	28	0.1	0.1	0.0	44
Endurance Technologies	SELL	1,173	925	(21)	165	2.4	141	36	42	50	25	16	19	32	28	23	15	13	10.8	6.3	5.3	4.4	19.6	19.1	19.1	0.4	0.6	0.7	3.3
Escorts	BUY	769	1,050	37	66	1.4	89	57	66	72	47	15	8.9	13.5	11.7	10.7	8.0	6.8	5.8	2.3	2.0	1.7	17.1	17.0	16.1	1.1	1.3	1.4	22
Exide Industries	SELL	219	220	1	186	2.7	850	9.1	10.2	11.5	10.9	12.2	12.7	24	21	19.0	13	11.7	10.4	3.1	2.9	2.7	13.7	14.0	14.5	1.4	1.6	1.8	7.7
Hero Motocorp	SELL	2,618	2,400	(8)	523	7.5	200	168	173	181	(9.1)	2.9	4.5	15.6	15.1	14.5	9.1	8.7	8.1	4.0	3.6	3.3	27	25	24	3.2	3.3	3.5	31
Mahindra CIE Automotive	ADD	225	265	18	85	1.2	378	14.5	16	18	48	7.7	12.2	15.5	14.4	12.8	8.9	7.7	6.7	2.0	1.7	1.5	13.7	12.9	12.7	—	—	—	0.5
Mahindra & Mahindra	BUY	658	1,000	52	818	11.8	1,138	46	50	54	22	8.3	8.7	14.2	13.1	12.1	10.6	8.7	7.8	2.2	1.9	1.7	16.2	15.5	15.0	1.4	1.5	1.7	40
Maruti Suzuki	ADD	7,107	7,500	6	2,147	31.0	302	254	297	347	-0.8	17	17	28	24	20	15	12	10.1	4.6	4.0	3.5	17.2	17.8	18.4	0.9	1.0	1.2	90
Motherson Sumi Systems	SELL	151	125	(17)	478	6.9	3,158	5.5	6.7	7.6	0.1	22	13.8	28	23	19.9	10.1	8.5	7.3	4.3	3.8	3.4	16.5	17.9	17.9	1.0	1.1	1.2	17.2
MRF	REDUCE	60,246	56,000	(7)	256	3.7	4	2,672	3,214	3,590	0.1	20	11.7	23	18.7	16.8	9.5	8.2	7.1	2.4	2.1	1.9	11.0	11.8	11.8	0.1	0.1	0.1	6.7
Schaeffler India	REDUCE	5,473	5,300	(3)	91	1.3	31	144	179	211	14.9	24	18	38	31	26	11.2	8.6	7.0	6.3	5.3	4.4	17.9	18.8	18.7	0.1	0.2	0.2	0.4
SKF	ADD	2,075	2,050	(1)	107	1.5	51	67	82	97	17	22	17	31	25	21	20	16	13	5.0	4.4	3.8	16.4	17.3	17.5	0.6	0.7	0.8	1.1
Tata Motors	BUY	206	280	36	699	9.3	3,396	(9.4)	19	30	(147)	301	57	NM	10.9	6.9	5.8	4.4	3.7	1.1	1.0	0.9	NM	9.4	13.1	—	—	—	58
Timken	SELL	589	550	(7)	44	0.6	68	18	22	25	34	21	14.8	32	27	23	16	14	11.8	5.3	4.4	3.8	17.8	18.1	17.5	0.2	0.2	0.2	0.1
TVS Motor	SELL	485	350	(28)	230	3.3	475	14.6	18	19	4.7	22	7.7	33	27	25	17	14	13	6.9	6.0	5.2	22	23	22	0.9	1.1	1.2	11.2
Varroc Engineering	BUY	602	950	58	81	1.2	135	32	42	61	(4.1)	32	43	18.8	14.3	9.9	8.9	7.2	5.3	2.5	2.1	1.7	13.2	14.8	17.5	—	—	—	0.8
WABCO India	SELL	6,310	6,100	(3)	120	1.7	19	183	222	223	27	22	0.1	35	28	28	24	19	18	6.5	5.3	4.5	21	21	17.3	0.2	0.2	0.2	0.8
Automobiles & Components	**Neutral**				**8,472**	**121.9**					**(18.5)**	**45**	**17**	**26**	**17.8**	**15.2**	**10.1**	**8.2**	**7.1**	**3.1**	**2.7**	**2.4**	**11.9**	**15.3**	**15.8**	**1.0**	**1.2**	**1.3**	**439**
Banks																													
Axis Bank	REDUCE	762	720	(6)	1,959	28.3	2,567	18	46	53	1,597	153	14.3	42	16.5	14.4	—	—	—	3.2	2.7	2.3	7.1	16.1	16.1	0.4	0.9	1.0	114
Bank of Baroda	ADD	131	145	11	346	5.0	2,652	10.9	24	27	218	117	14.0	12.0	5.5	4.9	—	—	—	1.1	0.9	0.7	6.9	15.7	13.4	—	—	—	29
Canara Bank	ADD	280	315	13	211	3.0	733	9.4	53	68	116	458	30	30	5.3	4.1	—	—	—	1.5	1.0	0.7	1.9	10.1	11.8	—	—	—	20
City Union Bank	ADD	202	215	6	149	2.1	665	9.6	10.5	12.2	7.4	9.8	16	21	19.3	16.6	—	—	—	3.4	3.0	2.6	15.8	15.3	15.7	0.8	0.9	1.1	2.2
DCB Bank	BUY	202	220	9	62	0.9	308	10.3	12.7	17	29	24	33	19.7	15.8	11.9	—	—	—	2.3	2.1	1.8	11.7	13.0	15.3	0.5	0.6	0.8	5.7
Equitas Holdings	BUY	134	180	34	46	0.7	340	6.5	10.0	13.8	602	54	38	21	13.4	9.7	—	—	—	1.9	1.7	1.4	9.2	12.7	15.3	—	—	—	4.3
Federal Bank	BUY	99	115	16	196	2.8	1,972	6.1	8.4	10.2	37	37	22	16.2	11.8	9.7	—	—	—	1.6	1.5	1.4	9.5	12.0	13.4	1.4	1.9	2.3	16.6
HDFC Bank	ADD	2,306	2,350	2	6,279	90.6	2,595	77	93	111	14.9	21	18	30	25	21	—	—	—	4.3	3.8	3.4	16.6	16.2	16.8	0.6	0.8	0.9	92
ICICI Bank	BUY	391	450	15	2,517	36.3	7,072	8.2	27	32	(14.9)	228	19	48	14.6	12.3	—	—	—	2.6	2.2	1.9	4.9	14.9	15.7	0.4	1.4	1.6	103
IndusInd Bank	ADD	1,768	1,800	2	1,066	15.4	600	59	79	105	(2)	34	33	30	22	16.8	—	—	—	4.1	3.3	2.9	14.4	17.2	17.8	0.4	0.5	0.7	58
J&K Bank	BUY	59	90	53	33	0.5	557	7.1	9.6	18	95	35	84	8.3	6.1	3.3	—	—	—	0.7	0.6	0.5	6.2	8.0	13.5	2.4	3.3	6.0	0.9
Karur Vysya Bank	ADD	77	85	11	62	0.9	799	2.1	4.1	8.3	(56)	97	101	37	18.6	9.3	—	—	—	1.2	1.1	0.9	2.4	4.6	8.9	0.7	1.3	2.8	1.6
Punjab National Bank	ADD	93	105	13	354	5.1	2,761	(18)	11.1	13.0	61	163	17	NM	8.4	7.2	—	—	—	1.8	1.2	1.0	NM	10.7	11.2	—	—	—	38
RBL Bank	SELL	671	550	(18)	286	4.1	420	21	29	35	38	37	22	32	23	19.2	—	—	—	3.9	3.5	3.1	12.4	15.2	16.3	0.5	0.6	0.8	18.2
State Bank of India	BUY	317	410	29	2,830	40.8	8,925	7.6	38	53	204	395	41	42	8.4	6.0	—	—	—	1.9	1.4	1.1	3.1	13.9	16.8	0.1	0.1	0.2	92
Ujjivan Financial Services	ADD	327	375	15	40	0.6	121	16	23	28	2,514	48	24	21	14.2	11.5	—	—	—	2.1	1.8	1.6	10.2	13.5	14.8	0.4	0.7	1.0	8.8
Union Bank	ADD	93	105	13	109	1.6	1,169	-6.0	7.5	20	87	226	161	NM	12.3	4.7	—	—	—	1.3	0.9	0.6	NM	4.8	11.5	(1.0)	1.2	3.2	13.9
YES Bank	SELL	267	210	(21)	618	8.9	2,303	18	17	22	(4.5)	-2.0	30	15.2	15.5	12.0	—	—	—	2.3	2.0	1.8	14.7	12.9	15.0	1.1	1.1	1.4	182
Banks	**Attractive**				**17,161**	**247.7**					**862**	**178**	**27**	**39**	**14.0**	**11.0**				**2.1**	**1.8**	**1.6**	**5.4**	**12.9**	**14.4**	**0.4**	**0.8**	**0.9**	**801**

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo
		5-Apr-19	(Rs)	(%)	(Rs bn)	(US$ bn)	(mn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	(US$ mn)
Building Products																													
Astral Poly Technik	SELL	1,169	720	(38)	140	2.0	120	18	22	26	20	25	17	67	53	46	35	29	25	11	9.1	7.7	18.3	18.7	18.3	0.1	0.1	0.1	1.6
Building Products	**Cautious**				**140**	**2.0**					**20**	**25**	**17**	**66**	**53**	**45**	**35**	**29**	**25**	**11**	**9.1**	**7.6**	**16.4**	**17.2**	**16.9**	**0.1**	**0.1**	**0.1**	**1.6**
Capital goods																													
ABB	SELL	1,378	1,005	(27)	292	4.2	212	12.0	17	25	12.7	44	44	115	80	55	61	49	35	7.3	6.5	5.9	6.7	8.6	11.1	0.3	0.4	14.5	2.5
Ashoka Buildcon	BUY	135	205	52	38	0.5	282	10.2	11.0	11.2	21	7.3	1.8	13.2	12.3	12.1	8.9	8.2	7.5	1.8	1.6	1.4	14.0	13.4	12.2	1.0	1.0	1.0	0.6
Bharat Electronics	BUY	97	100	3	236	3.4	2,437	5.7	5.8	5.2	(2.9)	2.5	(11.6)	17.0	16.5	18.7	10.5	8.8	8.9	2.7	2.4	2.3	16.5	15.4	12.6	2.1	2.1	1.9	15.5
BHEL	REDUCE	73	65	(11)	253	3.7	3,482	3.0	2.7	4.2	29	(9.4)	53	24	27	17.5	14	11.4	7.6	0.8	0.8	0.8	3.3	3.0	4.5	2.2	1.7	2.3	13.0
Carborundum Universal	SELL	384	315	(18)	73	1.0	189	13.7	17	19	20	22	14.3	28	23	20	16	13	10.9	4.2	3.8	3.4	15.7	17.3	17.7	1.1	1.3	1.5	0.8
Cochin Shipyard	BUY	392	555	42	52	0.7	132	35	37	39	16	6.4	6.9	11.3	10.6	9.9	4.9	4.8	5.5	1.5	1.4	1.3	13.8	13.8	13.5	2.6	2.7	3.0	0.4
Cummins India	REDUCE	717	720	0	199	2.9	277	28	32	37	16	15	15	26	22	19.3	21	18	15	4.7	4.4	4.1	18.8	20	22	2.1	2.4	2.8	7.1
Dilip Buildcon	BUY	630	775	23	86	1.2	137	59	54	63	26	(8.0)	16	10.8	11.7	10.0	7.0	6.0	5.4	2.6	2.2	1.8	28	20	19.4	0.2	0.2	0.2	5.6
IRB Infrastructure	BUY	144	250	73	51	0.7	351	27	30	16	21	8.6	(45)	5.3	4.9	8.8	6.4	6.9	8.6	0.8	0.7	0.6	15.7	14.9	7.6	2.1	2.5	2.6	5.2
Kalpataru Power Transmission	BUY	460	570	24	71	1.0	153	28	35	43	55	22	25	16.2	13.3	10.6	8.8	7.1	5.7	2.3	2.0	1.7	15.2	16.2	17.6	0.8	1.0	1.2	0.5
KEC International	BUY	290	360	24	74	1.1	257	20	25	31	11.8	24	23	14.5	11.6	9.5	8.4	7.0	5.9	3.0	2.5	2.0	23	23	23	0.7	0.9	1.1	2.0
L&T	BUY	1,374	1,565	14	1,927	27.8	1,401	63	67	76	22	6.5	13.0	22	20	18.0	18	17	15	3.0	2.8	2.5	14.9	14.2	14.7	1.5	1.6	1.9	66
Sadbhav Engineering	BUY	240	280	17	41	0.6	172	13.8	17	17	7.3	26	-0.6	17.4	13.8	13.9	12	9.7	8.6	2.0	1.7	1.6	12.0	13.4	11.8	0.0	0.0	0.0	0.9
Siemens	SELL	1,147	995	(13)	408	5.9	356	29	34	40	14.1	20	17	40	33	28	24	20	17	4.5	4.2	3.8	11.8	13.1	14.0	0.7	0.8	1.0	8.3
Thermax	REDUCE	960	990	3	114	1.7	113	27	38	43	29	42	12.4	36	25	23	25	18	16	25	18	16	10.7	13.9	14.2	0.8	1.1	1.2	1.8
Capital goods	**Neutral**				**3,914**	**56.5**					**19**	**8.4**	**11.3**	**22**	**21**	**18.4**				**2.6**	**2.4**	**2.2**	**11.8**	**11.8**	**12.1**	**1.4**	**1.5**	**2.7**	**801**
Commercial & Professional Services																													
SIS	REDUCE	868	800	(8)	64	0.9	73	27	36	43	19	36	19	33	24	20	19	14	11.8	5.4	4.5	3.7	17.7	20	20	0.3	0.4	0.4	0.4
TeamLease Services	SELL	3,031	2,000	(34)	52	0.7	17	59	76	99	37	29	30	51	40	31	52	40	31	9.6	7.7	6.2	20	21	22	—	—	—	1.0
Commercial & Professional Services	**Cautious**				**115**	**1.7**					**26**	**33**	**23**	**39**	**29**	**24**	**26**	**19**	**16**	**6.6**	**5.5**	**4.5**	**17.1**	**18.8**	**19.0**	**0.2**	**0.2**	**0.2**	**1.3**
Commodity Chemicals																													
Asian Paints	REDUCE	1,514	1,225	(19)	1,453	21.0	959	24	30	36	19	25	19	62	50	42	39	31	26	15	13	12	26	29	30	0.7	0.9	1.1	27
Tata Chemicals	ADD	607	700	15	155	2.2	255	40	48	53	(22)	18	11.8	15.0	12.8	11.4	7.0	5.7	4.9	1.3	1.2	1.1	8.9	9.8	10.3	2.5	2.8	2.8	7.3
Commodity Chemicals	**Neutral**				**1,607**	**23.2**					**2.1**	**23**	**17**	**48**	**39**	**33**	**27**	**22**	**19**	**7.5**	**6.8**	**6.2**	**15.6**	**17.6**	**18.7**	**0.9**	**1.1**	**1.3**	**34**
Conglomerate																													
Godrej Industries	RS	530	—	—	178	2.6	336	16	20	—	8.9	24		33	27		28	31		4.4	3.8		13.9	15.1		0.3	0.3		3.0
Conglomerate	**Neutral**				**178**	**2.6**					**8.9**	**24**		**33**	**27**		**28**	**31**		**4.4**	**3.8**		**13.1**	**14.2**		**0.3**	**0.3**		**3.0**
Construction Materials																													
ACC	SELL	1,664	1,280	(23)	313	4.5	188	54	68	79	9.9	27	15	31	24	21	16	13	11.4	3.0	2.7	2.5	10.1	11.6	12.2	0.8	0.8	0.8	17.9
Ambuja Cements	REDUCE	224	190	(15)	445	6.4	1,986	7.2	9.0	10.8	(4.8)	26	20	31	25	21	9.5	8.1	6.7	2.0	1.9	1.8	6.6	7.8	8.9	0.7	1.2	1.2	9.6
Dalmia Bharat	ADD	1,078	1,170	5	207	2.9	192	6.6	35	50	(55)	421	44	168	32	22	14	10.4	9.0	2.1	1.9	1.8	1.2	6.2	8.3	—	—	—	2.7
Grasim Industries	ADD	849	930	10	558	8.1	657	71	78	89	49	9.7	14.0	12.0	10.9	9.6	7.1	6.9	6.2	0.9	0.9	0.8	8.0	8.3	8.7	0.6	0.6	0.6	16.5
India Cements	REDUCE	111	84	(24)	34	0.5	308	3.0	6.4	9.0	(7.9)	112	42	37	17.4	12.2	9.7	7.9	6.9	0.6	0.6	0.6	1.8	3.7	5.0	0.9	0.9	0.9	9.1
J K Cement	ADD	860	770	(10)	66	1.0	70	31	61	62	(28)	97	1.9	28	14.1	13.9	11.6	10.1	8.2	2.5	2.2	1.9	10.3	16.5	14.8	0.9	0.9	0.9	0.4
JK Lakshmi Cement	ADD	357	325	(9)	42	0.6	118	3.1	22	31	(31)	624	37	115	15.9	11.7	13	7.6	6.2	2.9	2.5	2.1	2.5	16.8	19.5	0.6	0.6	0.6	0.4
Orient Cement	ADD	93	80	(14)	19	0.3	205	0.1	6.2	10.4	(97.5)	11,412	67	1,728	15.0	9.0	13	7.2	5.4	1.9	1.8	1.5	0.1	12.4	18.5	1.6	2.2	2.2	0.1
Shree Cement	SELL	18,950	11,750	(38)	660	9.5	35	339	512	642	(15)	51	25	56	37	30	24	17	14	6.8	5.9	5.0	12.7	17.0	18.2	0.3	0.3	0.3	6.3
UltraTech Cement	SELL	4,190	2,550	(39)	1,151	16.6	275	79	128	166	(10.7)	62	30	53	33	25	22	16	14	4.1	3.7	3.3	8.1	12.0	13.8	0.2	0.2	0.2	23
Construction Materials	**Cautious**				**3,504**	**50.6**					**8.0**	**39**	**22**	**32**	**23**	**18.9**	**12**	**10.2**	**8.8**	**2.3**	**2.1**	**1.9**	**7.3**	**9.3**	**10.3**	**0.4**	**0.5**	**0.5**	**86**

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs) 5-Apr-19	Fair Value (Rs)	Upside (%)	Mkt cap. (Rs bn)	Mkt cap. (US$ bn)	O/S shares (mn)	EPS (Rs) 2019E	EPS (Rs) 2020E	EPS (Rs) 2021E	EPS growth (%) 2019E	EPS growth (%) 2020E	EPS growth (%) 2021E	P/E (X) 2019E	P/E (X) 2020E	P/E (X) 2021E	EV/EBITDA (X) 2019E	EV/EBITDA (X) 2020E	EV/EBITDA (X) 2021E	P/B (X) 2019E	P/B (X) 2020E	P/B (X) 2021E	RoE (%) 2019E	RoE (%) 2020E	RoE (%) 2021E	Dividend yield (%) 2019E	Dividend yield (%) 2020E	Dividend yield (%) 2021E	ADVT 3mo (US$ mn)
Consumer Durables & Apparel																													
Crompton Greaves Consumer	SELL	232	200	(14)	145	2.1	627	6.0	7.2	8.5	16	21	17	39	32	27	24	20	17	13	10.0	7.7	39	35	32	0.9	1.1	—	2.7
Havells India	SELL	760	520	(32)	475	6.9	625	13.4	17	20	21	23	18	57	46	39	37	29	25	11	9.9	8.6	21	23	24	0.6	0.8	0.9	14.3
Page Industries	SELL	24,012	22,300	(7)	268	3.9	11	397	479	578	28	21	21	60	50	42	39	32	27	27	22	18	48	48	47	1.1	0.9	1.1	18.8
TCNS Clothing Co.	ADD	802	855	7	49	0.7	64	21	22	27	37	5.2	22	38	36	30	26	19	15	8.7	6.8	5.4	26	21	20	—	—	—	0.4
Vardhman Textiles	ADD	1,071	1,230	15	62	0.9	56	124	129	139	20.8	4.1	7.5	8.6	8.3	7.7	6.9	6.6	5.9	1.1	1.0	0.9	13.4	12.6	12.4	1.9	2.8	2.8	0.2
Voltas	SELL	609	500	(18)	202	2.9	331	16	18	22	(5.2)	11.8	20	37	33	28	28	24	20	4.7	4.2	3.8	13.2	13.4	14.5	0.5	0.6	0.7	11.0
Whirlpool	SELL	1,458	1,220	(16)	185	2.7	127	33	40	46	20	21	15	44	36	32	27	22	19	8.6	7.3	6.4	21	22	22	0.3	0.5	0.9	1.4
Consumer Durables & Apparel	**Cautious**				**1,386**	**20.0**					**17**	**16**		**40**	**35**	**30**	**26**	**22**	**19**	**7.3**	**6.4**		**18.3**	**18.6**	**18.9**	**0.7**	**0.8**		**49**
Consumer Staples																													
Bajaj Consumer Care	ADD	325	405	25	48	0.7	148	15	17	19	7.8	10.1	9.1	21	19.2	17.6	16	14	12	10	10	10	47	53	57	4.3	4.3	4.6	2.3
Britannia Industries	REDUCE	2,994	2,935	(2)	720	10.4	240	50	60	71	19	21	18	60	50	42	40	33	28	17	14	12	31	31	30	0.6	0.8	0.9	17.3
Colgate-Palmolive (India)	ADD	1,227	1,400	14	334	4.8	272	27	32	37	16	16	17	45	38	33	26	22	19	20	17	15	46	47	48	1.3	1.5	1.9	8.6
Dabur India	REDUCE	400	390	(3)	707	10.2	1,762	8.8	10.3	11.9	12.8	17	16	46	39	34	38	32	27	13	11	9.5	27	30	30	0.9	1.1	1.4	15.9
GlaxoSmithKline Consumer	RS	6,996	—	—	294	4.2	42	218	240	265	31	10.1	10.6	32	29	26	23	20	17	7.4	6.6	6.0	25	24	24	1.3	1.5	1.8	2.4
Godrej Consumer Products	REDUCE	671	700	4	685	9.9	1,022	15	18	21	6.6	19	16	44	37	32	31	26	22	9.0	7.9	6.9	22	23	23	0.8	0.9	1.1	13.0
Hindustan Unilever	REDUCE	1,659	1,600	(4)	3,591	51.8	2,160	29	34	39	18	18	13.8	58	49	43	40	34	29	45	37	31	83	83	79	1.3	1.4	1.6	41
ITC	ADD	295	325	10	3,610	52.1	12,275	9.8	11.0	12.2	10.4	11.3	11.8	30	27	24	20	17	15	6.6	6.2	5.8	21	22	24	1.9	2.3	2.6	58
Jyothy Laboratories	ADD	195	210	8	72	1.0	364	5.5	6.2	7.2	24	13.8	16	36	31	27	25	21	18	5.4	4.7	4.2	16.2	16.0	16.4	0.5	0.8	1.0	0.7
Marico	ADD	357	380	7	461	6.6	1,291	7.2	8.8	10.3	14.5	23	17	50	40	35	35	29	24	17	15	14	35	40	42	1.3	1.5	1.8	9.2
Nestle India	REDUCE	10,981	11,100	1	1,059	15.3	96	167	199	229	31	19	15	66	55	48	39	33	28	29	27	24	45	50	53	1.0	1.3	1.5	15.0
Tata Global Beverages	ADD	211	220	4	133	1.9	631	7.3	8.7	9.8	—	18	13.0	29	24	22	17	14	13	1.8	1.8	1.7	6.5	7.4	8.0	1.4	1.7	1.9	5.6
United Breweries	REDUCE	1,422	1,390	(2)	376	5.4	264	24	30	37	59	26	23	60	48	39	30	26	21	12	9.6	8.0	21	22	23	0.3	0.4	0.5	15.8
United Spirits	REDUCE	536	550	3	390	5.6	727	10.9	13.3	17	44	22	25	49	40	32	31	25	21	12	8.0	5.5	27	24	20	—	0.4	0.5	13.9
Varun Beverages	BUY	876	900	3	160	2.3	183	16	19	25	39	19	31	55	46	35	19	16	13	8.0	6.9	5.9	15.5	16.1	18.1	0.3	0.1	0.2	1.6
Consumer Staples	**Cautious**				**12,640**	**182.5**					**16**	**15**	**14.3**	**43**	**37**	**33**	**28**	**24**	**21**	**11**	**10**	**9.2**	**27**	**28**	**28**	**1.3**	**1.5**	**1.8**	**221**
Diversified Financials																													
Bajaj Finance	REDUCE	3,114	2,200	(29)	1,800	26.0	575	67	90	118	54	34	31	47	35	26	—	—	—	9.3	7.5	6.0	22	24	25	0.2	0.3	0.4	60
Bajaj Finserv	ADD	7,416	6,500	(12)	1,180	17.0	159	242	307	384	38	27	25	31	24	19.3	—	—	—	4.8	4.1	3.4	17.5	18.3	19.1	0.2	0.2	0.2	22
Bharat Financial Inclusion	NA	1,114	—	—	156	2.3	139	63	68	86	93	8.1	27	17.7	16.3	12.9	—	—	—	4.0	3.1	2.5	25	21	21	—	—	—	8.7
Cholamandalam	ADD	1,484	1,525	3	232	3.4	156	76	90	111	30	18	23	19.4	16.4	13.3	—	—	—	4.0	3.2	2.7	21	21	22	0.6	0.7	0.9	6.1
HDFC	ADD	2,056	2,125	3	3,545	51.2	1,676	56	60	71	(25)	7.0	18	37	34	29	—	—	—	4.7	4.3	4.0	13.9	13.2	14.3	1.0	1.1	1.3	88
IIFL Holdings	REDUCE	453	410	(9)	144	2.1	319	26	28	33	(9.0)	9.4	17	17.4	15.9	13.6	—	—	—	2.5	2.3	2.0	15.6	15.1	15.9	1.2	1.3	1.6	1.6
L&T Finance Holdings	ADD	152	145	(5)	304	4.4	1,996	11.7	13.0	15.0	59	11.2	16	13.0	11.7	10.1	—	—	—	2.2	1.9	1.7	17.7	17.7	17.7	1.3	1.6	1.6	14.2
LIC Housing Finance	ADD	550	590	7	278	4.0	505	46	54	63	4.8	17	17	12.0	10.3	8.8	—	—	—	1.8	1.6	1.4	16.2	16.0	16.4	1.3	1.5	1.8	14.6
Magma Fincorp	BUY	123	145	18	33	0.5	237	11.3	15	18	16	35	18	10.9	8.0	6.8	—	—	—	1.2	1.1	1.0	12.1	14.3	14.9	1.4	1.9	2.2	0.5
Mahindra & Mahindra Financial	ADD	416	475	14	257	3.7	614	22	27	33	25	23	23	19.0	15.5	12.5	—	—	—	2.6	2.4	2.1	13.6	14.9	16.4	1.2	1.5	1.8	10.4
Muthoot Finance	REDUCE	617	600	(3)	247	3.6	400	48	45	50	11.3	(6.0)	11.2	12.9	13.7	12.3	—	—	—	2.7	2.4	2.1	23	18.3	17.9	1.8	1.7	1.9	9.5
PNB Housing Finance	REDUCE	934	950	2	156	2.3	167	62	70	83	(3.5)	12.8	19	15.1	13.4	11.2	—	—	—	2.2	1.9	1.7	15.1	14.8	15.6	0.4	0.4	0.4	3.6
Shriram City Union Finance	ADD	1,786	1,950	9	118	1.7	66	146	158	188	45	8.2	19	12.3	11.3	9.5	—	—	—	2.0	1.8	1.5	16.2	15.4	16.0	1.0	1.1	1.3	0.6
Shriram Transport	BUY	1,224	1,475	21	278	4.0	227	108	127	147	56	17	15	11.3	9.6	8.4	—	—	—	1.9	1.6	1.4	16.8	17.1	17.2	1.2	1.5	1.8	21
Diversified Financials	**Neutral**				**8,728**	**126.0**					**9.4**	**16**	**21**	**27**	**23**	**19.1**				**4.0**	**3.6**	**3.1**	**15.1**	**15.4**	**16.2**	**0.8**	**0.9**	**1.0**	**261**

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs) 5-Apr-19	Fair Value (Rs)	Upside (%)	Mkt cap. (Rs bn)	Mkt cap. (US$ bn)	O/S shares (mn)	EPS (Rs) 2019E	EPS (Rs) 2020E	EPS (Rs) 2021E	EPS growth (%) 2019E	EPS growth (%) 2020E	EPS growth (%) 2021E	P/E (X) 2019E	P/E (X) 2020E	P/E (X) 2021E	EV/EBITDA (X) 2019E	EV/EBITDA (X) 2020E	EV/EBITDA (X) 2021E	P/B (X) 2019E	P/B (X) 2020E	P/B (X) 2021E	RoE (%) 2019E	RoE (%) 2020E	RoE (%) 2021E	Dividend yield (%) 2019E	Dividend yield (%) 2020E	Dividend yield (%) 2021E	ADVT 3mo (US$ mn)
Electric Utilities																													
CESC	BUY	732	800	9	97	1.4	133	63	97	107	(6.8)	55	10.4	11.7	7.5	6.8	7.1	5.9	5.3	0.8	0.7	0.7	6.7	10.0	10.2	1.6	1.5	1.5	4.3
JSW Energy	REDUCE	73	67	(8)	120	1.7	1,640	4.3	5.4	5.7	42	25	5.6	16.9	13.5	12.8	6.3	5.4	4.9	1.0	0.9	0.9	6.2	7.2	7.1	—	—	—	1.4
NHPC	ADD	24	28	15	244	3.5	10,260	2.7	2.7	3.5	10.4	0.9	28	9.0	8.9	7.0	7.9	7.7	6.6	0.8	0.8	0.7	9.1	8.8	10.9	6.2	5.7	7.5	2.6
NTPC	BUY	135	158	17	1,334	19.3	9,895	10.9	12.3	14.0	3.9	12.8	14.1	12.4	11.0	9.6	9.8	8.7	7.4	1.2	1.1	1.1	10.2	10.8	11.4	2.4	2.7	3.1	32
Power Grid	BUY	196	235	20	1,027	14.8	5,232	18	21	24	16	17	11.5	10.7	9.2	8.2	7.6	7.0	6.6	1.7	1.5	1.4	16.7	17.6	17.6	3.1	3.6	4.0	18.7
Tata Power	BUY	72	85	18	195	2.8	2,705	4.4	5.2	7.6	(18.3)	19	46	16.5	13.8	9.5	10.1	10.4	9.9	1.2	1.1	1.0	7.5	8.2	10.9	—	—	—	6.6
Electric Utilities	**Attractive**				**3,017**	**43.5**					**7.8**	**15**	**15**	**11.7**	**10.2**	**8.8**				**1.3**	**1.2**	**1.1**	**10.7**	**11.4**	**12.2**	**2.7**	**3.0**	**3.4**	**65**
Fertilizers & Agricultural Chemicals																													
Bayer Cropscience	SELL	4,240	3,550	(16)	146	2.1	34	94	114	135	7.4	21	19	45	37	31	27	23	19	7.2	6.3	5.4	17.0	18.0	18.6	0.4	0.5	0.6	0.6
Dhanuka Agritech	ADD	388	435	12	18	0.3	49	20	24	28	(22.1)	21	17	19.3	16.0	13.7	13	10.5	8.5	2.7	2.4	2.1	14.7	15.8	16.4	1.1	1.3	1.6	0.1
Godrej Agrovet	ADD	514	540	5	99	1.4	189	11.4	16	20	(1.0)	38	26	45	33	26	22	17	14	5.2	4.5	3.9	12.2	14.6	15.9	0.4	0.5	0.6	1.0
Kaveri Seed	SELL	474	515	9	30	0.4	66	34	34	37	7.3	0.1	8.3	13.8	13.8	12.7	10.4	9.8	8.5	3.3	2.9	2.5	26	22	21	1.7	2.1	2.1	10.7
PI Industries	BUY	1,052	970	(8)	145	2.1	138	30	39	46	13.9	27	19	35	27	23	25	19	16	6.4	5.4	4.5	20.0	21	21	0.4	0.6	0.7	2.0
Rallis India	ADD	162	195	21	31	0.5	195	8.8	10.5	11.1	1.7	20	5.4	18.4	15.3	14.6	12	10.1	9.1	2.5	2.3	2.1	13.8	15.4	15.0	2.2	2.5	2.7	0.7
UPL	ADD	941	775	(18)	479	6.9	507	45	55	62	6.0	21	12.9	21	17.2	15.2	12	10.8	9.6	4.4	3.7	3.1	23	23	22	0.9	1.2	1.3	25
Fertilizers & Agricultural Chemicals	**Attractive**				**949**	**13.7**					**5.5**	**21**	**14.5**	**25**	**21**	**18.1**	**15**	**13**	**11.4**	**4.7**	**4.0**	**3.4**	**18.8**	**19.4**	**18.9**	**0.8**	**1.0**	**1.1**	**40**
Gas Utilities																													
GAIL (India)	BUY	349	455	30	787	11.4	2,255	29	33	34	40	13.8	5.9	12.2	10.7	10.1	7.8	6.8	6.4	1.8	1.6	1.5	15.3	16.0	15.5	3.2	3.3	3.6	23
GSPL	SELL	178	170	(5)	101	1.5	564	15	14.3	13.6	31	(7.6)	(4.6)	11.5	12.5	13.1	4.8	4.8	4.6	1.7	1.6	1.4	16.1	13.2	11.4	1.3	1.2	1.1	1.4
Indraprastha Gas	SELL	307	250	(18)	215	3.1	700	11.9	13.7	15	16	14.7	11.3	26	22	20	16	14	12	5.3	4.7	4.1	22	22	22	0.9	1.2	1.6	9.7
Mahanagar Gas	ADD	1,002	950	(5)	99	1.4	99	57	62	64	19	7.6	4.2	17.5	16.2	15.6	10.2	9.4	8.7	4.1	3.7	3.4	25	24	23	2.3	2.8	3.2	5.6
Petronet LNG	BUY	239	270	13	358	5.2	1,500	15	18	20	11.2	15	11.8	15.5	13.4	12.0	10.2	8.7	7.7	3.4	3.1	2.8	23	24	24	3.2	3.7	4.6	11.1
Gas Utilities	**Attractive**				**1,559**	**22.5**					**29**	**12.4**	**6.8**	**14.2**	**12.6**	**11.8**	**8.8**	**7.7**	**7.1**	**2.3**	**2.1**	**1.9**	**16.5**	**16.9**	**16.5**	**2.7**	**2.9**	**3.4**	**50**
Health Care Services																													
Apollo Hospitals	ADD	1,245	1,275	2	173	2.5	139	23	30	37	177	30	21	53	41	34	19	17	15	5.0	4.6	4.2	9.6	11.7	12.9	0.5	0.6	0.7	16.5
Aster DM Healthcare	BUY	152	240	58	77	1.1	505	6.1	8.3	11.9	120	37	44	25	18.3	12.7	11.8	9.5	7.6	2.5	2.2	1.9	10.3	12.7	16.1	—	—	—	0.1
Dr Lal Pathlabs	SELL	1,034	945	(9)	86	1.2	83	24	28	33	17	15	18	43	37	32	27	23	19	9.1	7.7	6.5	23	22	22	0.5	0.5	0.6	1.2
HCG	BUY	208	260	25	18	0.3	85	(2.5)	0.9	3.4	(261)	137	263	NM	223	62	19	15	12	3.6	3.5	3.3	NM	1.6	5.6	—	—	—	0.1
Narayana Hrudayalaya	BUY	220	265	21	45	0.6	204	1.9	4.5	7.5	(25)	139	64	116	48	30	19	15	11.9	4.2	3.8	3.4	3.7	8.3	12.2	—	—	—	0.2
Health Care Services	**Attractive**				**399**	**5.8**					**72**	**38**	**34**	**47**	**34**	**25**	**18**	**15**	**12**	**4.4**	**4.0**	**3.5**	**9.3**	**11.7**	**13.8**	**0.3**	**0.4**	**0.5**	**18.0**
Hotels & Restaurants																													
Coffee Day Enterprises	NR	280	—	—	59	0.9	211	7.6	10.1	12.5	127	34	24	37	28	22	12	10.6	9.7	2.3	2.2	0.0	6.5	8.1	9.2	—	—	—	1.4
Jubilant Foodworks	BUY	1,418	1,450	2	187	2.7	132	24	32	42	67	33	30	58	44	34	29	23	18	14	11	8.4	28	28	28	0.1	0.2	0.3	47
Lemon Tree Hotels	ADD	80	86	8	63	0.9	786	0.5	1.2	2.0	162	157	68	168	65	39	41	23	18	7.3	6.6	6.1	4.5	10.6	16.3	—	—	1.2	0.9
Hotels & Restaurants	**Attractive**				**309**	**4.5**					**88**	**42**	**33**	**59**	**42**	**31**	**22**	**17**	**14**	**6.5**	**5.7**	**4.9**	**11.0**	**13.6**	**15.7**	**0.1**	**0.1**	**0.4**	**49**
Insurance																													
HDFC Life Insurance	ADD	386	435	13	779	11.2	2,007	6.5	8.1	9.8	18	24	21	59	48	39	—	—	—	15	13	12	26	29	31	0.4	0.5	0.6	11.2
ICICI Lombard	SELL	1,037	720	(31)	471	6.8	454	24	31	37	27	28	19	43	34	28	—	—	—	8.8	7.4	6.2	22	24	24	0.5	0.7	0.8	4.3
ICICI Prudential Life	BUY	364	480	32	523	7.6	1,436	8.9	10.3	12.3	(21)	16	20	41	35	30	—	—	—	6.9	6.0	5.1	18.1	18.1	18.7	0.4	0.5	0.6	14.7
Max Financial Services	BUY	439	530	21	118	1.7	268	6.3	6.4	6.5	37	1.8	1.8	70	69	68	—	—	—				8.3	8.0	7.8	0.5	0.5	0.5	4.2
SBI Life Insurance	BUY	612	790	29	612	8.8	1,000	12.7	14.3	16	10.8	12.4	12.1	48	43	38	—	—	—	8.1	7.0	6.0	18.0	17.5	17.0	0.3	0.4	0.4	25
Insurance	**Attractive**				**2,503**	**36.1**					**5.5**	**19**	**18**	**49**	**41**	**35**				**9.0**	**7.8**	**6.8**	**18.4**	**19.1**	**19.4**	**0.3**	**0.4**	**0.4**	**60**

Error! Not a valid link.

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo
		5-Apr-19	(Rs)	(%)	(Rs bn)	(US$ bn)	(mn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	(US$ mn)
Internet Software & Services																													
Info Edge	ADD	1,832	1,720	(6)	224	3.2	121.6	24	32	39	6.8	35	20	76	56	47	60	43	35	8.4	7.6	6.9	12.3	14.2	15.4	0.4	0.4	0.5	7.5
Just Dial	SELL	608	625	3	39	0.6	67.4	30	32	34	39	7.7	7.2	21	19.1	17.8	12	10.5	9.4	4.2	3.5	3.0	20	20	18.3	0.5	0.5	0.6	28
Internet Software & Services	**Attractive**				**263**	**3.8**					**16**	**24**	**16**	**54**	**44**	**38**	**41**	**32**	**27**	**7.4**	**6.5**	**5.8**	**13.6**	**14.9**	**15.3**	**0.4**	**0.5**	**0.5**	**35**
IT Services																													
HCL Technologies	ADD	1,093	1,140	4	1,482	21.4	1,409	73	78	82	17	6.7	6.3	15.0	14.1	13.3	9.9	8.9	8.0	3.4	2.9	2.6	25	22	21	0.8	2.8	3.0	30
Hexaware Technologies	REDUCE	360	345	(4)	107	1.5	302	19	21	25	17	10.9	16	18.6	16.8	14.5	13	11.4	9.7	4.5	4.0	3.5	27	25	26	2.4	2.4	2.8	6.9
Infosys	ADD	759	760	0	3,317	47.9	4,350	36	40	44	11.2	10.6	10.9	21	19.1	17.2	15	13	11.7	4.9	4.5	4.1	24	24	25	3.4	2.9	3.2	90
L&T Infotech	ADD	1,651	2,000	21	286	4.1	175	86	96	112	35	11.9	16	19.3	17.2	14.8	14	12	10.1	6.0	4.9	4.0	35	31	30	1.5	1.6	1.8	4.4
Mindtree	ADD	953	1,000	5	156	2.3	165	45	52	61	31	14.1	17	21	18.4	15.7	14	11.5	9.7	4.9	4.2	3.6	25	24	24	1.4	1.6	1.9	26
Mphasis	REDUCE	975	900	(8)	182	2.6	193	56	63	65	29	11.1	3.7	17.3	15.6	15.0	13	10.7	10.0	3.6	3.2	2.9	20	22	20	2.1	2.6	3.1	4.1
TCS	REDUCE	2,048	1,825	(11)	7,686	111.0	3,829	83	91	100	23	10.3	9.6	25	22	20	18	16	15	7.6	7.2	6.8	33	33	34	1.6	3.1	3.4	92
Tech Mahindra	ADD	777	875	13	686	9.9	891	49	56	64	13.8	16	14.5	16.0	13.8	12.1	9.5	8.0	6.7	3.1	2.7	2.3	21	21	20	1.2	1.3	1.5	38
Wipro	REDUCE	262	265	1	1,581	22.8	6,009	15	18	20	19	19	9.2	17.3	14.6	13.3	11.3	9.4	8.7	2.7	2.5	2.4	17.0	17.8	18.3	0.6	3.8	4.2	34
IT Services	**Cautious**				**15,485**	**223.5**					**16**	**10.8**	**9.9**	**21**	**18.8**	**17.1**	**15**	**13**	**11.6**	**5.0**	**4.6**	**4.2**	**24**	**24**	**24**	**1.8**	**3.0**	**3.3**	**325**
Media																													
DB Corp.	ADD	197	220	12	34	0.5	184	16	21	24	(10.5)	31	18	12.5	9.5	8.0	6.5	4.9	4.1	1.9	1.8	1.6	14.9	19.5	21	2.0	5.1	6.4	0.3
DishTV	ADD	39	30	(23)	72	1.0	1,925	0.2	1.4	2.4	145	593	71	195	28	16.5	4.2	3.5	2.8	14	11	7.4	7.9	43	53	—	—	—	12.7
Jagran Prakashan	REDUCE	123	110	(10)	36	0.5	311	8.9	11.1	13.0	(8.1)	25	17	13.8	11.1	9.4	5.9	4.9	4.2	2.0	1.9	1.9	13.4	17.6	20	4.1	7.3	7.3	0.3
PVR	RS	1,678	NA	-	78	1.1	47	37	51	65	38	37	28	45	33	26	17	13	10.9	6.6	5.6	4.7	15.5	18.3	19.8	0.2	0.3	0.4	10.0
Sun TV Network	REDUCE	639	600	(6)	252	3.6	394	38	39	42	31	2.7	7.4	16.9	16.4	15.3	11.2	10.7	9.8	4.7	4.1	3.7	30	27	26	2.3	2.7	3.1	22
Zee Entertainment Enterprises	ADD	412	490	19	395	5.7	960	17	20	22	14.7	15	11.9	24	21	18.5	14	12	10.9	4.6	4.0	3.6	20	21	20	1.1	1.3	1.7	76
Media	**Attractive**				**868**	**12.5**					**20**	**19**	**16**	**22**	**18.7**	**16.2**	**10.0**	**8.8**	**7.8**	**4.5**	**4.0**	**3.5**	**20**	**21**	**22**	**1.5**	**1.9**	**2.3**	**122**
Metals & Mining																													
Hindalco Industries	BUY	215	275	28	483	7.0	2,229	27	27	29	24	(1.3)	7.8	7.9	8.0	7.4	5.2	5.0	4.5	0.8	0.7	0.7	10.5	9.5	9.3	0.6	0.6	0.6	25
Hindustan Zinc	REDUCE	289	235	(19)	1,220	17.6	4,225	20	20	21	(6.0)	(0.1)	7.3	14.5	14.6	13.6	9.1	8.4	7.5	3.6	3.3	3.0	24	23	23	6.9	3.5	3.7	3.0
Jindal Steel and Power	REDUCE	187	145	(22)	181	2.6	968	4.4	4.4	13.2	152	(0.1)	198	42	42	14.1	7.0	7.1	6.1	0.6	0.6	0.6	1.5	1.4	4.1	—	—	—	27
JSW Steel	REDUCE	294	265	(10)	711	10.3	2,406	31	19	23	17	(38)	16	9.4	15.1	13.1	6.3	8.3	7.5	2.2	1.9	1.7	25	13.5	14.0	1.1	1.1	1.1	30
National Aluminium Co.	BUY	57	78	38	106	1.5	1,933	9.7	6.7	7.0	236	(31.3)	4.4	5.8	8.5	8.1	2.6	3.8	3.6	1.0	1.0	1.0	17.3	11.9	12.5	10.6	10.6	10.6	11.5
NMDC	REDUCE	105	110	4	322	4.7	3,164	13.5	9.4	10.1	15	(31)	7.6	7.8	11.2	10.4	4.5	6.5	6.0	1.3	1.2	0.0	16.8	11.0	11.4	5.2	5.2	5.2	7.3
Tata Steel	ADD	549	535	(3)	625	9.0	1,205	87	68	81	29	(21.7)	19	6.3	8.1	6.8	5.7	6.7	6.4	1.0	1.0	0.9	16.7	12.1	13.4	1.8	1.8	1.8	61
Vedanta	BUY	192	275	43	713	10.3	3,717	18	29	30	(14.7)	59	2.8	10.4	6.5	6.4	5.8	4.6	4.3	1.1	1.1	1.0	10.9	16.9	16.4	8.9	8.9	8.9	33
Metals & Mining	**Attractive**				**4,361**	**63.0**					**15**	**(6.7)**	**11.3**	**9.5**	**10.2**	**9.2**	**6.0**	**6.2**	**5.8**	**1.3**	**1.3**	**1.2**	**14.1**	**12.4**	**12.8**	**4.6**	**3.6**	**3.6**	**41**

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs) 5-Apr-19	Fair Value (Rs)	Upside (%)	Mkt cap. (Rs bn)	Mkt cap. (US$ bn)	O/S shares (mn)	EPS (Rs) 2019E	EPS (Rs) 2020E	EPS (Rs) 2021E	EPS growth (%) 2019E	EPS growth (%) 2020E	EPS growth (%) 2021E	P/E (X) 2019E	P/E (X) 2020E	P/E (X) 2021E	EV/EBITDA (X) 2019E	EV/EBITDA (X) 2020E	EV/EBITDA (X) 2021E	P/B (X) 2019E	P/B (X) 2020E	P/B (X) 2021E	RoE (%) 2019E	RoE (%) 2020E	RoE (%) 2021E	Dividend yield (%) 2019E	Dividend yield (%) 2020E	Dividend yield (%) 2021E	ADVT 3mo (US$ mn)
Oil, Gas & Consumable Fuels																													
BPCL	SELL	358	275	(23)	777	11.2	1,967	40	33	35	(0)	-17.3	6.5	8.9	10.8	10.1	6.6	7.9	7.4	1.8	1.7	1.6	22	16.3	16.0	4.5	3.7	3.9	24
Coal India	BUY	235	290	24	1,457	21.0	6,207	26	27	28	128	5.7	1.0	9.1	8.6	8.5	6.4	5.9	5.5	5.7	5.9	6.2	64	67	71	8.5	10.7	10.7	27
HPCL	SELL	264	185	(30)	401	5.8	1,524	40	27	29	(4)	(32.1)	7.3	6.6	9.7	9.1	6.0	8.6	8.6	1.5	1.4	1.3	24	14.7	14.7	6.2	4.2	4.5	22
IOCL	SELL	158	120	(24)	1,489	21.5	9,479	20	15	17	(5)	(21.4)	8.7	8.1	10.3	9.5	4.7	5.7	5.5	1.3	1.2	1.1	16.1	11.8	12.0	4.9	3.9	4.2	32
Oil India	BUY	180	235	31	204	2.9	1,135	29	30	31	17.7	4.8	0.8	6.2	5.9	5.8	4.5	4.2	4.1	0.7	0.7	0.6	11.5	11.4	11.0	7.3	7.6	7.7	4.5
ONGC	BUY	157	215	37	1,969	28.4	3,752	24	26	26	40	5.3	0.5	6.4	6.1	6.1	3.4	3.1	2.9	0.8	0.8	0.7	13.3	13.0	12.2	5.1	5.4	5.4	29
Reliance Industries	SELL	1,354	1,070	(21)	8,012	115.7	5,922	67	78	89	13.0	17	14.2	20	17.3	15.1	13	11.0	9.2	2.4	2.2	1.9	11.8	12.3	12.5	0.5	0.5	0.5	183
Oil, Gas & Consumable Fuels	**Attractive**				**14,310**	**206.6**					**22**	**1.9**	**7.2**	**11.7**	**11.5**	**10.7**	**7.5**	**7.1**	**6.4**	**1.8**	**1.6**	**1.5**	**15.1**	**14.1**	**13.8**	**2.9**	**2.9**	**3.0**	**322**
Pharmaceuticals																													
Aurobindo Pharma	ADD	787	785	(0)	461	6.7	584	41	61	64	(1.5)	48	5.4	19.1	12.9	12.2	13	9.0	8.3	3.3	2.7	2.3	18.9	21	18.5	0.7	0.8	0.9	26
Biocon	SELL	612	370	(39)	367	5.3	601	11.6	16	19	88	42	14.9	53	37	32	28	19	17	5.8	5.2	4.6	11.7	14.7	14.3	0.7	0.9	1.1	14.0
Cipla	BUY	532	600	13	430	6.2	805	19	25	32	6.1	34	28	29	21	16.8	16	12	9.7	2.7	2.5	2.2	9.9	12.1	13.2	0.7	1.0	1.2	17.8
Dr Reddy's Laboratories	REDUCE	2,754	2,450	(11)	457	6.6	166	115	132	165	95	14.2	25	24	21	16.7	15	10.5	8.2	3.2	2.8	2.5	14.2	13.6	14.8	0.6	0.7	0.9	39
Laurus Labs	BUY	392	400	2	42	0.6	106	11.0	20	27	(30.6)	80	35	36	19.8	14.7	14	9.4	7.7	2.6	2.3	2.0	7.6	12.4	13.7	—	—	—	1.6
Lupin	REDUCE	789	820	4	357	5.1	450	24	33	46	(38)	40	40	33	24	17.0	15	11.2	8.5	2.5	2.3	2.1	7.6	10.0	12.1	0.3	0.6	0.9	23
Sun Pharmaceuticals	ADD	463	475	3	1,111	16.0	2,406	18	22	27	16	23	23	26	21	17.3	14	10.7	8.7	2.7	2.4	2.2	10.7	12.0	12.5	0.5	0.9	1.2	67
Torrent Pharmaceuticals	ADD	1,842	1,950	6	312	4.5	169	48	60	79	20	24	32	38	31	23	16	14	12	6.1	5.5	4.7	16.0	17.7	20	1.1	1.3	1.4	6.3
Pharmaceuticals	**Neutral**				**3,537**	**51.1**					**11.6**	**31**	**22**	**28**	**21**	**17.4**	**15**	**11.3**	**9.4**	**3.2**	**2.8**	**2.5**	**11.4**	**13.2**	**14.2**	**0.6**	**0.9**	**1.1**	**195**
Real Estate																													
Brigade Enterprises	BUY	246	290	18	33	0.5	136	21	26	32	85	25	25	12.0	9.6	7.6	9.3	7.6	5.8	1.3	1.2	1.0	11.6	13.0	14.4	1.0	1.0	1.0	0.6
DLF	ADD	202	200	(1)	395	5.7	1,784	7.0	8.2	8.7	(71)	17.4	5.2	29	24	23	25	27	30	1.2	1.1	1.1	3.8	4.7	4.8	1.0	1.0	1.0	24
Godrej Properties	SELL	976	400	(59)	224	3.2	216	7.1	23	24	(35)	231	4.2	138	42	40	225	37	37	6.6	5.7	5.0	5.8	14.6	13.3	—	—	—	5.0
Oberoi Realty	BUY	538	470	(13)	196	2.8	340	47	35	56	273	(26)	60	11.3	15.4	9.6	13	16	6.8	2.1	1.9	1.6	22	12.8	17.7	0.4	0.4	0.4	4.4
Prestige Estates Projects	ADD	254	270	6	95	1.4	375	10.6	12.9	20	7	22	58	24	19.8	12.6	11.7	11.1	8.5	2.4	2.1	1.8	9.0	11.3	15.8	0.6	0.6	0.6	2.7
Sobha	REDUCE	494	495	0	47	0.7	95	26	33	39	14.8	24	18	18.8	15.1	12.8	13	10.6	9.7	2.1	1.9	1.7	10.1	13.5	14.3	1.4	1.4	1.4	2.1
Sunteck Realty	REDUCE	475	360	(24)	70	1.0	140	17	20	36	14.2	13.0	84	27	24	13.1	23	20	9.6	2.3	2.1	1.8	8.9	9.3	15.1	0.2	0.2	0.2	2.1
Real Estate	**Neutral**				**1,059**	**15.3**					**(30)**	**9.8**	**32**	**25**	**23**	**17.4**	**19**	**18**	**14**	**1.9**	**1.8**	**1.7**	**7.7**	**7.9**	**9.5**	**0.6**	**0.6**	**0.6**	**41**
Retailing																													
Aditya Birla Fashion and Retail	BUY	219	235	7	169	2.4	773	2.1	3.2	5.2	35	54	63	106	69	42	30	23	19	14	11	8.9	13.6	17.9	24	—	—	—	3.4
Avenue Supermarts	SELL	1,449	945	(35)	904	13.1	624	15	20	26	25	32	29	94	71	55	54	41	32	16	13	11	18.7	20	21	—	—	—	0.0
Titan Company	REDUCE	1,107	900	(19)	982	14.2	888	17	21	25	33	26	18	65	52	44	43	35	28	16	13	11	27	28	27	0.4	0.5	0.6	35
Retailing	**Cautious**				**2,056**	**29.7**					**30**	**30**	**26**	**78**	**60**	**48**	**46**	**36**	**28**	**16**	**13**	**11**	**20**	**22**	**22**	**0.2**	**0.2**	**0.3**	**38**
Speciality Chemicals																													
Castrol India	SELL	172	145	(15)	170	2.4	989	7.2	7.8	8.4	4.2	9.0	7.9	24	22	20	15	14	12	15	13	12	65	62	60	2.9	3.1	3.4	4.6
Pidilite Industries	REDUCE	1,287	1,025	(20)	654	9.4	508	18	23	28	(2.8)	31	20	72	55	46	46	37	31	16	14	12	24	27	28	0.5	0.6	0.7	11.7
S H Kelkar and Company	BUY	154	210	36	22	0.3	145	6.3	8.3	9.8	(14.6)	32	18	24	18.5	15.7	16	12	11.0	2.4	2.2	2.0	10.3	12.5	13.5	1.1	1.3	1.8	0.8
SRF	BUY	2,482	2,300	(7)	143	2.1	57	102	127	144	27	24	13.2	24	19.5	17.3	14	11.4	10.0	3.5	3.0	2.6	15.4	16.7	16.4	0.5	0.6	0.6	14.1
Speciality Chemicals	**Neutral**				**988**	**14.3**					**5.2**	**23**	**14.7**	**43**	**35**	**31**	**26**	**21**	**19**	**9.7**	**8.4**	**7.3**	**23**	**24**	**24**	**1.0**	**1.1**	**1.2**	**31**

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

		Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo
Company	Rating	5-Apr-19	(Rs)	(%)	(Rs bn)	(US$ bn)	(mn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	(US$ mn)
Telecommunication Services																													
Bharti Airtel	ADD	357	380	7	1,425	20.6	3,997	(10.0)	(11.0)	(5.4)	NM	NM	NM	NM	NM	NM	10.1	9.0	7.5	2.3	2.6	2.8	NM	NM	NM	1.7	1.7	1.7	36
Bharti Infratel	REDUCE	317	275	(13)	586	8.5	1,850	14.0	13.3	14.9	1.7	(5.2)	12.6	23	24	21	8.8	9.2	8.4	3.6	3.6	3.5	15.5	14.9	16.6	3.6	3.4	3.9	41
Tata Communications	ADD	602	580	(4)	172	2.5	285	(4.2)	3.0	5.2	NM	172	72	NM	201	116	11.0	9.8	9.1	NM	NM	1,327	NM	NM	NM	1.1	1.2	1.2	4.3
Telecommunication Services	**Cautious**				**2,325**	**33.6**					**NM**	**10.8**	**25**	**NM**	**NM**	**NM**	**12**	**9.4**	**8.1**	**1.6**	**1.5**	**1.6**	**NM**	**NM**	**NM**	**1.9**	**1.9**	**2.0**	**97**
Transportation																													
Adani Ports and SEZ	BUY	387	390	1	802	11.6	2,071	21	23	29	16	7.2	27	18.1	16.9	13.3	14	11.7	10.4	3.3	2.8	2.4	19.5	18.1	19.5	0.3	0.4	0.4	25
Container Corp.	SELL	528	515	(2)	321	4.6	609	14.9	17	21	2.0	17	19	35	30	26	21	17	14	3.2	3.0	2.8	9.3	10.2	11.4	1.4	1.6	1.6	7.7
Gateway Distriparks	BUY	130	180	39	14	0.2	109	6.4	3.7	6.2	(16.0)	(42)	68	20	35	21	22	8.9	7.7	1.3	2.4	2.1	6.6	4.8	10.8	—	2.3	2.3	0.3
Gujarat Pipavav Port	BUY	95	126	33	46	0.7	483	4.6	5.6	6.6	12.2	21	19	21	17.0	14.3	10.5	8.8	7.5	2.2	2.2	2.2	11.0	13.0	15.2	4.1	4.9	5.8	0.7
InterGlobe Aviation	ADD	1,419	1,550	9	546	7.9	383	(6)	66	96	(110)	1,212	47	NM	22	14.7	NM	13	8.1	7.9	5.9	4.4	NM	31	34	—	0.2	0.7	27
Mahindra Logistics	REDUCE	518	470	(9)	37	0.5	71	12.0	16	21	22	33	33	43	33	25	24	18	13	7.5	6.3	5.2	18.7	21	23	—	—	—	0.3
Transportation	**Attractive**				**1,766**	**25.5**					**(25)**	**59**	**32**	**32**	**20**	**15.3**	**20**	**13**	**10.0**	**3.9**	**3.4**	**2.9**	**12.3**	**17.0**	**18.9**	**0.5**	**0.7**	**0.8**	**61**
KIE universe					**113,599**	**1639.6**					**17**	**28**	**17**	**24**	**18.4**	**15.7**	**11.4**	**10.2**	**9.0**	**2.9**	**2.6**	**2.3**	**12.1**	**14.0**	**14.7**	**1.4**	**1.7**	**1.9**	
KIE universe (ex-Oil, Gas & Consumable Fuels)					**#N/A**	**#N/A**					**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	**#N/A**	

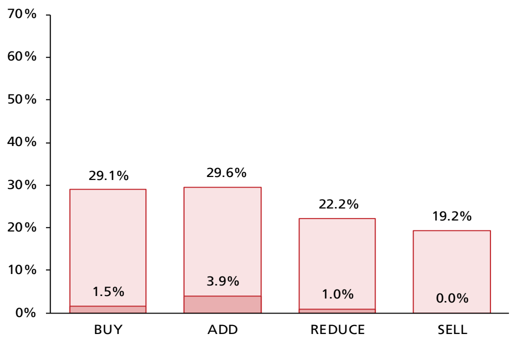
Notes:
(a) We have used adjusted book values for banking companies.
(b) 2019 means calendar year 2018, similarly for 2020 and 2021 for these particular companies.
(c) Exchange rate (Rs/US$)= 69.27

Source: Company, Bloomberg, Kotak Institutional Equities estimates

"Each of the analysts named below hereby certifies that, with respect to each subject company and its securities for which the analyst is responsible in this report, (1) all of the views expressed in this report accurately reflect his or her personal views about the subject companies and securities, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report: Sanjeev Prasad, Sunita Baldawa, Anindya Bhowmik."

Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



Percentage of companies covered by Kotak Institutional Equities, within the specified category.

Percentage of companies within each category for which Kotak Institutional Equities and or its affiliates has provided investment banking services within the previous 12 months.

* The above categories are defined as follows: Buy = We expect this stock to deliver more than 15% returns over the next 12 months; Add = We expect this stock to deliver 5-15% returns over the next 12 months; Reduce = We expect this stock to deliver -5-+5% returns over the next 12 months; Sell = We expect this stock to deliver less than -5% returns over the next 12 months. Our target prices are also on a 12-month horizon basis. These ratings are used illustratively to comply with applicable regulations. As of 31/12/2018 Kotak Institutional Equities Investment Research had investment ratings on 203 equity securities.

Source: Kotak Institutional Equities

As of December 31, 2018

Ratings and other definitions/identifiers

Definitions of ratings

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

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

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

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

Our Fair Value estimates are also on a 12-month horizon basis.

Our Ratings System does not take into account short-term volatility in stock prices related to movements in the market. Hence, a particular Rating may not strictly be in accordance with the Rating System at all times.

Other definitions

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

Other ratings/identifiers

NR = Not Rated. The investment rating and fair value, if any, have been suspended temporarily. Such suspension is in compliance with applicable regulation(s) and/or Kotak Securities policies in circumstances when Kotak Securities or its affiliates is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.

CS = Coverage Suspended. Kotak Securities has suspended coverage of this company.

NC = Not Covered. Kotak Securities does not cover this company.

RS = Rating Suspended. Kotak Securities Research has suspended the investment rating and fair value, if any, for this stock, because there is not a sufficient fundamental basis for determining an investment rating or fair value. The previous investment rating and fair value, if any, are no longer in effect for this stock and should not be relied upon.

NA = Not Available or Not Applicable. The information is not available for display or is not applicable.

NM = Not Meaningful. The information is not meaningful and is therefore excluded.

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

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

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

1. Note that the research analysts contributing to this report may not be registered/qualified as research analysts with FINRA; and
2. Such research analysts may not be associated persons of Kotak Mahindra Inc and therefore, may not be subject to NASD Rule 2711 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.
3. Any U.S. recipients of the research who wish to effect transactions in any security covered by the report should do so with or through Kotak Mahindra Inc and (ii) any transactions in the securities covered by the research by U.S. recipients must be effected only through Kotak Mahindra Inc at vinay.goenka@kotak.com.

This report is distributed in Singapore by Kotak Mahindra (UK) Limited (Singapore Branch) to institutional investors, accredited investors or expert investors only as defined under the Securities and Futures Act. Recipients of this analysis / report are to contact Kotak Mahindra (UK) Limited (Singapore Branch) (16 Raffles Quay, #35-02/03, Hong Leong Building, Singapore 048581) in respect of any matters arising from, or in connection with, this analysis / report. Kotak Mahindra (UK) Limited (Singapore Branch) is regulated by the Monetary Authority of Singapore.

Kotak Securities Limited and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We along with our affiliates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our affiliates have investment banking and other business relationships with a significant percentage of the companies covered by our Investment Research Department. Our research professionals provide important input into our investment banking and other business selection processes. Investors should assume that Kotak Securities Limited and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may participate in the solicitation of such business. Our research professionals are paid in part based on the profitability of Kotak Securities Limited, which include earnings from investment banking and other business. Kotak Securities Limited generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, Kotak Securities Limited generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of Kotak Securities Limited. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. Kotak Securities Limited does not provide tax advise to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment. Certain transactions -including those involving futures, options, and other derivatives as well as non-investment-grade securities - give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavor to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so. We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Kotak Securities Limited and its non US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies affectively assume currency risk. In addition options involve risks and are not suitable for all investors. Please ensure that you have read and understood the current derivatives risk disclosure document before entering into any derivative transactions.

Kotak Securities Limited established in 1994, is a subsidiary of Kotak Mahindra Bank Limited. Kotak Securities is one of India's largest brokerage and distribution house.

Kotak Securities Limited is a corporate trading and clearing member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), Metropolitan Stock Exchange of India Limited (MSE), National Commodity and Derivatives Exchange (NCDEX) and Multi Commodity Exchange(MCX). Our businesses include stock broking, services rendered in connection with distribution of primary market issues and financial products like mutual funds and fixed deposits, depository services and Portfolio Management.

Kotak Securities Limited is also a depository participant with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Kotak Securities Limited is also registered with Insurance Regulatory and Development Authority as Corporate Agent for Kotak Mahindra Old Mutual Life Insurance Limited and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI). Kotak Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advise letters or levied minor penalty on KSL for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

We offer our research services to primarily institutional investors and their employees, directors, fund managers, advisors who are registered with us

Details of Associates are available on website i.e. www.kotak.com

Research Analyst has served as an officer, director or employee of subject company(ies): No

We or our associates may have received compensation from the subject company(ies) in the past 12 months.

We or our associates have managed or co-managed public offering of securities for the subject company(ies) in the past 12 months. YES. Visit our website for more details

We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months. We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.

Our associates may have financial interest in the subject company(ies).

Research Analyst or his/her relative's financial interest in the subject company(ies): No

Kotak Securities Limited has financial interest in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: YES

Nature of Financial interest: Holding equity shares or derivatives of the subject company.

Our associates may have actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.

Research Analyst or his/her relatives has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No

Kotak Securities Limited has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report.

A graph of daily closing prices of securities is available at https://www.moneycontrol.com/india/stockpricequote/ and http://economictimes.indiatimes.com/markets/stocks/stock-quotes. (Choose a company from the list on the browser and select the"three years" icon in the price chart).

Kotak Securities Limited. Registered Office: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051. CIN: U99999MH1994PLC134051, Telephone No.: +22 43360000, Fax No.: +22 67132430. Website: www.kotak.com / www.kotaksecurities.com. Correspondence Address: Infinity IT Park, Bldg. No 21, Opp. Film City Road, A K Vaidya Marg, Malad (East), Mumbai 400097. Telephone No: 42856825. SEBI Registration No: INZ000200137(Member of NSE, BSE & MSE) AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-NSDL-23-97. Compliance Officer Details: Mr. Manoj Agarwal. Call: 022 - 4285 8484, or Email: ks.compliance@kotak.com. Investments in securities market are subject to market risks, read all the related documents carefully before investing.

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

Level 1: For Trading related queries, contact our customer service at 'service.securities@kotak.com' and for demat account related queries contact us at ks.demat@kotak.com or call us on: Toll free numbers 18002099191 / 1800222299 and 18002099292

Level 2: If you do not receive a satisfactory response at Level 1 within 3 working days, you may write to us at ks.escalation@kotak.com or call us on 022-42858445 and if you feel you are still unheard, write to our customer service HOD at ks.servicehead@kotak.com or call us on 022-42858208.

Level 3: If you still have not received a satisfactory response at Level 2 within 3 working days, you may contact our Compliance Officer (Name: Mr. Manoj Agarwal) at ks.compliance@kotak.com or call on 91- (022) 4285 8484.

Level 4: If you have not received a satisfactory response at Level 3 within 7 working days, you may also approach CEO (Mr. Kamlesh Rao) at ceo.ks@kotak.com or call on 91-(022) 4285 8301.

First Cut notes published on this site are for information purposes only. They represent early notations and responses by analysts to recent events. Data in the notes may not have been verified by us and investors should not act upon any data or views in these notes. Most First Cut notes, but not necessarily all, will be followed by final research reports on the subject. There could be variance between the First cut note and the final research note on any subject, in which case the contents of the final research note would prevail. We accept no liability for the contents of the First Cut Notes.

For further disclosure please view https://kie.kotak.com/kinsite/index.php