kotak® Institutional Equities

Strategy

INDIA

INDIA

July 05, 2019

BSE-30: 39,908

June 2019 quarter earnings preview. We expect net income of the KIE coverage universe to increase 1.3% yoy in 1QFY20, led by the banking sector, which will likely report strong earnings growth due to a low base. Excluding the banking sector, we expect net income to decline 6.7% yoy. We expect robust yoy growth in the net income of (1) banks (stable operating performance, despite marginal qoq slowdown in loan growth), (2) construction materials (increase in realization papering over low volumes) and (3) capital goods (uptick in execution from base orders for L&T) sectors. We expect a weak quarter for (1) automobiles (lower sales volumes and margin compression due to increase in discounts), (2) metals & mining (decline in realizations) and (3) oil, gas & consumable fuels (weak refining margins and adventitious losses for downstream companies). We expect net income of the BSE-30 Index to grow 13.2% yoy while that of Nifty-50 Index to increase 1.3% yoy. We estimate 'EPS' of the BSE-30 Index at Rs1,975 for FY2020 and Rs2,353 for FY2021. Our 'EPS' estimates for Nifty-50 Index for FY2020 and FY2021 are Rs614 and Rs725.

We expect net income of the KIE universe to increase 1.3% yoy in 1QFY20

Sector-wise earnings of the KIE universe

	Sales growth (%)		EBITDA growth (%)		EBITDA margin (%)			PAT growth (%)	
	yoy	qoq	yoy	qoq	Jun-18	Mar-19	Jun-19E	yoy	qoq
Automobiles & Components	(7.6)	(18.5)	(24.2)	(27.1)	11.9	10.9	9.8	(51.6)	(63.4)
Banks	12.4	2.1	—	—	—	—	—	152.2	463.8
Building Products	28.0	(21.2)	28.9	(15.5)	16.3	15.4	16.4	31.5	(22.8)
Capital Goods	7.4	(28.9)	12.9	(37.1)	11.4	13.6	12.0	15.3	(45.6)
Commercial & Professional Services	25.4	5.9	58.6	6.8	3.6	4.5	4.5	63.0	1.5
Commodity Chemicals	10.6	1.5	8.3	9.2	19.1	17.4	18.7	4.4	2.8
Construction Materials	8.6	(4.1)	25.8	10.7	18.7	18.8	21.6	36.4	10.5
Consumer Durables & Apparel	12.6	16.1	9.3	31.4	14.2	12.1	13.7	6.9	23.6
Consumer Staples	4.3	0.5	5.2	2.8	25.4	25.0	25.6	7.0	0.2
Diversified Financials	25.8	0.3	—	—	—	—	—	25.5	2.2
Electric Utilities	1.8	3.1	8.9	13.3	41.0	39.9	43.8	15.1	(7.4)
Fertilizers & Agricultural Chemicals	48.4	2.7	52.9	37.9	18.3	14.0	18.8	(1.1)	35.2
Gas Utilities	3.0	(0.7)	3.7	24.2	14.0	11.3	14.1	3.0	0.1
Health Care Services	16.6	(0.7)	29.4	(19.7)	9.9	13.6	11.0	118.9	(47.0)
Hotels & Restaurants	(43.1)	(52.3)	(36.1)	(34.3)	16.8	13.7	18.9	(1.4)	3.3
Internet Software & Services	18.5	6.3	19.4	12.7	30.1	28.6	30.3	51.0	19.0
IT Services	12.1	0.7	7.2	(3.9)	23.1	23.2	22.1	3.7	(7.3)
Media	(9.6)	6.8	(4.8)	30.0	33.9	29.3	35.7	1.4	16.1
Metals & Mining	(0.4)	(9.4)	(15.3)	(12.1)	23.8	20.8	20.2	(30.2)	(16.3)
Oil, Gas & Consumable Fuels	3.1	0.3	(17.6)	(21.7)	13.5	13.8	10.7	(21.0)	(34.3)
Pharmaceuticals	12.9	2.6	19.5	8.8	19.6	19.5	20.7	12.9	27.5
Real Estate	20.6	(23.2)	(4.6)	(22.3)	30.4	23.8	24.0	(3.8)	(28.4)
Retailing	21.8	13.1	25.4	29.1	9.6	8.6	9.8	29.3	0.7
Speciality Chemicals	8.5	5.7	16.2	16.6	20.2	19.6	21.7	23.1	16.2
Telecommunication Services	4.9	1.4	(0.7)	0.7	32.2	30.7	30.5	(158.6)	61.3
Transportation	31.5	9.1	69.4	13.3	17.6	21.9	22.7	159.6	15.8
KIE universe	4.4	(4.7)	(5.0)	(10.3)	17.3	16.8	15.9	1.3	(8.9)
KIE universe (ex-energy)	5.1	(7.3)	0.5	(5.3)	19.7	18.5	19.1	9.8	2.0
KIE universe (ex-banks)	3.9	(5.1)	(5.0)	(10.3)	17.3	16.8	15.9	(6.7)	(18.6)
KIE universe (ex enegy, ex-banks)	4.4	(8.2)	0.5	(5.3)	19.7	18.5	19.1	(0.8)	(11.7)

Source: Kotak Institutional Equities estimates

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Important disclosures appear at the back

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The prices in this report are based on the market close of July 4, 2019.

SECTORS-WISE EXPECTATIONS

Exhibit 1: We expect yoy decline in the net income of automobiles, metals & mining and oil & gas sector

Sector-wise expectations for the June 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 8%/24%/52% yoy. EBITDA margin will likely decline by 210 bps yoy due to an increase in discounts and negative operating leverage.	We expect auto component companies under our coverage to report a relatively better quarter with 6% yoy revenue growth due to exposure to steady aftermarket demand and increase in exports (for Bharat Forge) while EBITDA will likely decline by 3% yoy in 1QFY20. Battery companies will likely benefit from the recent decline in lead prices and will report 7-25% yoy EBITDA growth.
Banks	We expect banks under coverage to report stable operating performance and recovery in earnings though there are a few one-offs for the quarter: (1) BoB (with Dena and Vijaya) and IndusInd Bank (with Bharat Financial) will report merged financials, (2) treasury income support would be higher given the interest rate movement, (3) the base quarter had a one-off net interest income (Bhushan Steel). Loan growth has slowed to ~12% yoy which would put pressure on revenue growth and we expect the decelerating trends to be more visible in private banks with retail oriented loan books like HDFC Bank and IndusInd Bank.	We maintain our positive outlook on corporate banks (ICICI Bank and SBI) given their inexpensive valuations and visibility of steady progress towards RoE normalization in FY2020-21E. Yes Bank would face one of its most challenging quarters. There is likely to be a lot more focus on asset quality for IndusInd Bank and RBL Bank. Slowdown in revenue growth (loan and non-interest income) for banks like HDFC Bank is likely to dominate the discussion for the quarter. We see limited business concerns for Federal Bank and SFBs like Equitas, AU and Ujjivan which are seeing steady improvement in core performance. Sharp rise in ticket size and risks emerging from rapid growth in MFI AUMs in eastern India would be a key discussion area for banks which have a high share of MFI loans.
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, 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 will help L&T report ~10% 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. Thermax will report a good result, benefitting from recent momentum in execution and low yoy base of margin.	**Roads:** 1QFY20 will see weak execution trends for companies with limited executable order backlog (Sadbhav Engineering, Dilip Buildcon). IRB would grow construction revenues meaningfully over a low yoy base and Ashoka Buildcon would report steady growth given it's large executable backlog. Companies with good execution track records such as Dilip Buildcon and Ashoka Buildcon are better-placed on this count, in our view.
Construction Materials	1QFY20 witnessed a sharp increase in cement prices despite stagnant demand. Pan-India trade prices were up Rs35/bag (+11% qoq), North and East witnessed Rs30-50/bag (+11-16% qoq) hike, whereas prices in West and Central regions increased Rs30-35/bag (10-12% qoq). Blended prices for our coverage universe during the quarter are +8% qoq or Rs20/bag, factoring price discounts and smaller hikes in the trade segment. Industry cement volumes (per DIPP) increased by 1.8% for April-May 2019. However, our checks suggest weaker volumes during the quarter. We estimate volume decline of 1-3% yoy for our coverage universe in 1QFY20E. UTCEM and SRCM should witness 0-2% yoy volume growth with ramp-up of new capacity, whereas others would see 0-3% yoy volume decline in 1QFY20E.	We expect costs to increase sequentially due to negative operating leverage with weak volumes partially offset by lower variable costs. While pet coke prices were flat qoq, most companies consumed high cost inventory in 4QFY19 and should witness 0-2% reduction in fuel cost in 1QFY20E. Diesel prices were flat qoq implying stable freight costs. We estimate a sharp increase in EBITDA/ton across the sector led by higher prices across regions and stable costs. For our coverage, we estimate Rs250/ton qoq increase in EBITDA/ton or 27% qoq in 1QFY20E with higher expansion in North/pan-India players versus South focused companies.
Consumer staples	Even as we expect most companies in our coverage universe to report similar-to-4QFY19 yoy volume/revenue growth, aggregate growth is likely to be better than 4QFY19 on account of a positive swing in yoy revenue growth rates for names like Dabur, Page, PIDI, JYL and the alcoholic beverages names. The then-surprising sudden slowdown in the month of March 2019 continued in the first half of 1QFY20 for the staples pack. Some companies have indicated emergence of some green shoots in the month of June. We expect the urban-centric discretionary pack to continue to report better growth than the staples pack. We do note that the discretionary names under our coverage form a fairly wide spectrum and the aggregate does not mean much, to that extent, beyond the relative performance versus staples aggregate being a decent proxy of the urban/rural trends. Reasons being offered for the 'slowdown' remain the same – tight liquidity conditions and sluggishness in rural demand.	**HUVR:** We model 9% yoy revenue growth in domestic FMCG business led by 6% UVG and 3% price-led growth. On a segmental basis, we bake in 11.5% yoy revenue growth for Home Care and 7% yoy growth for Personal Care. Not building impact of Ind-AS 116, we expect EBITDA margin to expand 50 bps yoy, aided by operating cost efficiencies (including A&SP spends); expect gross margin to move up marginally (+20 bps yoy). Ind-AS 116 adoption to reflect in EBITDA uplift of Rs1 bn and a corresponding higher D&A and interest expenses; negligible impact at the PBT and PAT level. Our estimates do not bake in this impact. **ITC:** We model 5.5% yoy increase in cigarette volumes and 3% increase in realization (portfolio-level). We forecast 11% yoy growth in cigarette EBIT. We model 9%, 15% and 10% yoy growth in FMCG, hotels and agri-business. Expect strong margin expansion for these segments as well (except hotels where margins would be impacted as gestation costs of the new Kolkata property kick in).
Diversified financials	1QFY20E will likely be a muted quarter for most non-banks with weak loan growth, stable to compressed NIM even as asset quality held on well in most segments. Slowdown across autos, weakness in rural cash flows and delay in government spending led to muted performance in vehicle finance. Retail home loan sales were likely stable but slowdown in developer/LAP segment affected overall loan growth for HFCs. Asset quality performance will likely be strong, in line with the trends observed over the previous few quarters. Rise in NPLs in the wholesale lending segment, especially developer loans, remains a major overhang on the sector. We hence expect non-banks to remain a bit cautious on liquidity and growth over the next few months; management commentary in this regard will be crucial.	While liquidity was not a constraint for most part of the quarter, concerns on impact of defaults and rating downgrades of NBFCs raised some anxieties and likely prompted NBFCs to get a bit cautious on select segments like developer loans. NBFCs are better placed to face any potential liquidity or credit crises (than August 2018) due to well matched ALMs and higher cash/liquidly assets on balance sheet. NBFCs have made conscious efforts to diversify their funding sources such as foreign bonds, retail NCDs etc; rise in loan securitization/assignment has also been a significant avenue.
Electric Utilities	Under-recovery of fixed costs, which has been a drag on earnings of NTPC in FY2019 will likely be addressed in forthcoming quarters on account of improvement in plant availability factor. We expect NTPC to report 5.5% qoq increase in PAT in 1QFY20. For Power Grid, we expect healthy growth in net profits (+27.1% yoy) on the back of asset capitalization of Rs192 bn in the 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 the decline in spot prices of coal which have reduced to US$64 as of June 2019. Tata Power will likely report lower losses at Mundra, though the benefit of the same will be lost to lower earnings contribution from the coal business.
Gas Utilities	We expect GAIL to report sequentially higher EBITDA, driven by (1) modest recovery in profits of LPG and petchem production segment, (2) lower operating costs and (3) steady profits of gas transmission and marketing segments. We expect PLNG to report qoq improvement in EBITDA led by (1) robust recovery in volumes and (2) seasonally lower operating costs.	CGD companies are expected to report robust profits led by (1) healthy growth in volumes, (2) sequential expansion in unit gross margins post the recent increase in CNG prices and (3) seasonal decline in operating costs.
Internet Software & Services	We expect Just Dial's growth to moderate to 14.5% yoy as base effect catches up. INFOE's core Naukri segment's yoy growth will be buoyant at 20% on improving hiring trends and collections growth. We expect 99acres' revenue growth to sustain at 40% yoy driven primarily by the secondary market. Despite decent revenue growth metrics, we expect margins for both companies to be flat-to-marginally-up on account of investments in tech (INFOE), and higher ad-spends (both INFOE and JUST).	

Source: Kotak Institutional Equities estimates

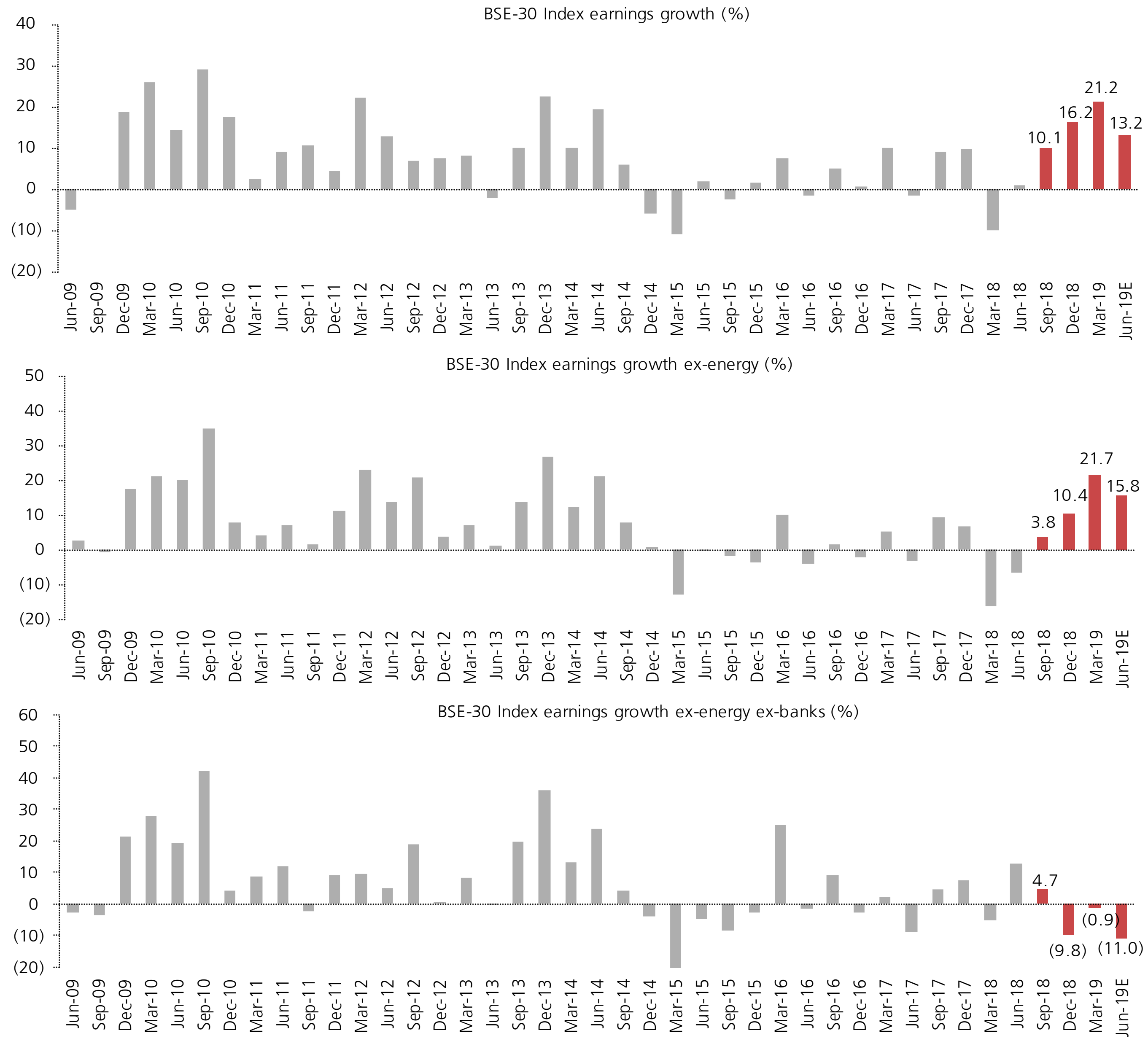
We expect yoy decline in the net income of automobiles, metals & mining and oil & gas sector

Sector-wise expectations for the June 2019 quarter results

	Key points	Key points
IT Services	We expect double-digit organic revenue growth on yoy comparison for TCS and Infosys powered by ramp-up of large deals and chunkier digital deal sizes. On sequential basis, we expect TCS and Infosys to deliver constant currency (c/c) revenue growth of 3.3% and 3.1%, respectively. HCLT will report a weak sequential quarter due to annual reset of productivity on a few IMS deals and high base of the earlier quarter. Tech Mahindra will disappoint with sequential revenue decline and muted low-single-digit growth on yoy comparison. We expect mid-tier companies to report deceleration in growth rates. We expect demand in the financial services verticals of IT services companies to moderate through the course of FY2020E. We expect volatility in growth in the vertical in the near term.	We expect 20-340 bps yoy decline in EBIT margins of tier-1 IT companies. Reasons for margin decline vary across companies although they can be categorized in the following buckets—(1) higher visa applications compared to the previous year, (2) shortage of talent in the US and decline in H-1B visa approvals have forced companies to rework their talent supply model. Changes in talent supply model, viz. higher localization and increase in subcontracting, have increased the cost structure, (3) investments in business. Infosys and HCLT have stepped up investments in digital through organic build-out and acquisitions and (4) transition costs of large deals won in the past 2-3 quarters. Some of the impact on margins is transient. We note that significant INR depreciation and acceleration in revenue growth provided a cushion for margins in FY2019. These factors are not available to offset headwinds in FY2020E. INR depreciation is critical to defend margins; else there are downside risks to profitability in FY2020E.
Media	**Broadcasting and distribution:** We expect a weak quarter from TV advertising standpoint for listed players (Zee and Sun) due to (1) slowdown in FMCG and auto categories, (2) significant decline in advertising revenue of FTA channels on withdrawal from DD Freedish platform, (3) impact of the drop in reach/viewership of select channels on implementation of TRAI's tariff order, and (4) higher-than-usual allocation of ad spends to the sports genre owing to the Cricket World Cup. We expect Zee/Sun to report 7%/2% yoy growth in advertisement revenues. The impact of TRAI's new tariff order will be visible in domestic subscription revenue growth. We expect Zee/Sun to report 25%/15% yoy growth in domestic subscription revenues. For Dish TV, we estimate 150K net subscriber additions and recovery in ARPU to Rs200 (pre-TRAI tariff order implementation levels).	**Print media:** Print media ad spends were muted during the quarter due to broad-based weakness in key categories such as auto as well as rural consumption. Further, we gather than the impact of the election code on government ad spends was not fully offset by higher political advertising. We expect DB Corp. and Jagran to report 5% decline and flat print ad revenues, respectively. Both companies would report a modest EBITDA decline despite some easing of newsprint price. We note that the full benefit of lower newsprint prices will flow through over the next two quarters.
Metals	**Ferrous:** (1) Domestic steel prices declined by 1-5% qoq, led by a fall in global prices. Quarterly average prices for flat segment were down by Rs300-500/ton qoq and Rs2,000/ton qoq in long product segment. On costs, we expect some respite for coking coal costs ($5-7/ton) whereas Rs100-150/ton higher domestic iron-ore prices will impact non-integrated steelmakers. (2) Lower exports and contract volumes for JSW and TATA should partially offset the weak domestic prices in 1QFY20E. We expect EBITDA/ton for domestic steel companies to decline by 0-6% qoq—we estimate Tata Steel's India EBITDA/ton at Rs13,216/ton (-4% qoq), JSW Steel's EBITDA/ton at Rs10,078/ton (flat qoq) and Jindal Steel & Power's EBITDA/ton at Rs10,900/ton (-6% qoq), (3) On volumes, we expect strong growth for Jindal Steel & Power aided by ramp-up of Angul operations (-3% qoq, 15% yoy to 1.4 mn tons in 1QFY20). TATA and JSW, both face capacity constraints and were hit with weak off-take in June as per our channel checks. We estimate stagnant volumes (0-1% yoy) for both TATA and JSTL and (4) Overall, weak prices and muted volumes would keep earnings subdued for steel companies. We estimate TATA to report consolidated EBITDA of Rs55 bn with US$40/ton margin in Europe division. JSW to report an EBITDA of Rs40 bn, and JSPL to report an EBITDA of Rs16 bn.	**Non-ferrous:** All-in aluminum prices declined 3% qoq to US$1,900/ton while zinc prices increased 2% qoq to US$2,755/ton in 1QFY20. Alumina prices declined by 7% qoq to US$361/ton, which will provide some respite in costs to non-integrated aluminum producer (Vedanta). We expect Hindustan Zinc's EBITDA to decline by 12% qoq to Rs24.5 bn (-10% yoy) led by lower zinc metal volumes (-4% qoq). Vedanta's EBITDA will decline by 5% qoq to Rs58 bn (-8% yoy) led by lower production at Zinc India operations partially offset by higher EBITDA in Zinc International. Hindalco's standalone EBITDA (including Utkal) will decline by 8% qoq to Rs12.6 bn (-32% yoy) due to lower aluminum prices partially offset by favorable hedges. We estimate Nalco's EBITDA to decline by 22% qoq to Rs4 bn due to lower alumina and aluminum realizations and lower alumina volumes.
Oil, Gas & Consumable Fuels	**Upstream:** We expect OIL and ONGC to report a sharp sequential jump in EBITDA driven by (1) ~US$5/bbl increase in global crude prices and (2) ~US$0.4/mn BTU increase in domestic gas price; we assume that the government will continue to exempt upstream companies from sharing LPG subsidies. **Downstream:** We expect OMCs to report muted results led by (1) weak underlying refining margins with Singapore complex averaging US$3.5/bbl and (2) accounting of adventitious losses amid ~US$3/bbl decline in end-period crude price, which will be partly offset by higher-than-normal (+Rs0.5/liter) blended marketing margins on auto fuels.	**RIL:** We expect RIL to report a marginal qoq increase in standalone EBITDA led by modestly higher refining margins at US$8.5/bbl (+US$0.3/bbl qoq) and increase in crude throughput and petchem volumes, which will be partly offset by moderation in overall petchem margins. Consolidated EBITDA may still be lower qoq, as higher standalone and retail EBITDA will be offset by a decline in Jio's EBITDA (-Rs6.2 bn qoq) due to accounting of capacity cost pertaining to Jio's fiber/tower InvITs in lieu of interest and depreciation cost earlier; we have assumed these adjustments to be PBT neutral.
Pharmaceuticals	We expect the domestic formulations segment to see a moderate quarter with 7-8% yoy organic growth for the sector, with Torrent likely to be at the lower end at ~4%, given the change in its revenue recognition. We expect Lupin to lead the pack with ~10% yoy growth, and expect Cipla and SUNP to report 7-9% yoy growth. We expect US revenues to remain flat in the quarter, with LPC and CIPLA likely to be impacted by lower sales from Ranexa and Sensipar respectively, while DRRD should benefit from full quarter benefit of Suboxone and Propofol launches. We expect SUNP's US business to decline marginally, and expect limited sales from Ilumya, given the ongoing patient assistance program, even as the underlying trend suggests that the product is now annualizing US$35 mn net sales. We expect healthcare services companies to have a healthy quarter with mature centers growing at 10% yoy and ramp-up of newly set up facilities aiding growth. We expect 14% yoy revenue growth for DLPL primarily led by volume growth.	We expect SUNP's EBITDA margin at 21.9%, while LPC's EBITDA margin is likely to decline to 16.1%, given lower Ranexa sales. We expect Cipla to report ~19% EBITDA margin given lower benefit from Sensipar sales. DRRD's EBITDA margin will likely remain stable at 21.1%, though, adjusting for the sale of proprietary products portfolio in 4QFY19, it indicates >300 bps qoq margin expansion. We expect a stable quarter for ARBP, with EBITDA margin at 20.2%. We expect margin improvement in hospitals driven by no addition/commissioning of facilities in 1QFY20. APHS's EBITDA margin will expand to 11.2% (+70 bps yoy), while HCG should benefit from lower losses across new centers. We expect DLPL's EBITDA margin at 25.0% (-70 bps yoy, +300 bps qoq) as revenue growth moderates to 14%
Real estate	Sluggish start to sales during the quarter on account of transition to new GST rates as well as clarity on applicable GST rates for under-construction projects. Exit month will likely see an improvement in sales towards the end of the quarter. Overall our industry-level data suggests some weakness in launches for residential projects, even as vacancy rates for commercial real estate remain at historical lows (especially in cities like Bengaluru).	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 revenues of Rs10.3 bn (+4% yoy) as its rental portfolio will witness stable occupancy. Sobha will see strong sales on account of new launches in NCR along with steady cash flows from its EPC business. Oberoi Realty will likely see a sharp drop in earnings (yoy) as 1QFY19 saw several projects achieve critical milestones for revenue recognition. Sunteck will continue to see strong sales momentum from Naigaon as witnessed in the previous quarters.
Telecommunication Services	We expect a steady and unexciting quarter for the Indian wireless players. Even as like-for-like pricing has been stable for the past few quarters, incumbents continue to see net negative impact of consumers trading up and trading down on the ARPU axis. 1QFY20 does not enjoy any sequential revenue uplift from minimum recharge construct, either, unlike 4QFY19. Deliberate strategy to smoothen the IC EBITDA glide path down to zero (from 4QFY20E) would continue to have a bearing on earnings. BHIN is likely to have another subdued quarter while TCOM is likely to report healthy yoy comps.	For Bharti, we expect consolidated 1QFY20E revenues and EBITDA of Rs210 bn and Rs67 bn, up 2% and 0.8% qoq, respectively. We expect a 1.6% qoq uptick in India wireless revenues; EBITDA for the segment will likely be down 3% qoq (and 10% yoy) on a reported basis to Rs24.9 bn. We expect a 2% qoq jump in ARPU to Rs127/month. For VIL, we expect revenues of Rs118 bn, broadly flat qoq. We do expect a sharp jump in EBITDA on the back of further progress on delivery of cost synergies. Net finance costs should see a sharp sequential decline on account of lower debt balance post the Rs250 bn rights issue. We expect an ARPU print of Rs114/month, up 9.6% qoq; sequential jump is optical thanks to the sharp decline in average subs base.
Transportation	**Ports**: Cargo tonnage at India's major ports grew 2.5% yoy in Apr-May 2019. We model a higher 16% growth for the portfolio, driven by strong growth in Mundra and Dhamra ports. This is partly on a low base. We model qoq flattish volumes. Our optimism is also based on better container market growth of 10% in Apr-May 2019 at India's major ports. For GPPV, we expect strong volume growth in containers due to new line additions and a ramp-up of existing lines; expect improvement in margin given recent increase in container tariffs. **Logistics:** For Concor, we build in a similar 6-7% exim volume growth as reported by Indian Railways over Apr-May 2019. We expect recent price increases to yield a higher 16% overall revenue growth, net of weak volumes for the domestic business. The recent 4% price hike with protection from price increases would drive a 200 bps+ sequential margin expansion. In 3PL, Mahindra Logistics will see 11% yoy growth in overall revenues, blend of a single digit growth in M&M group revenues and an acceleration in growth for M&M group revenues. EBITDA margin would be steady, though would decline yoy on account of a high base and ESOP/RSU charges.	**Airlines:** For Indigo, we forecast a sharp improvement in profitability on account of higher yields (we expect 6% yoy improvement in yields) on account of seasonal strength as well as the impact of termination of services by Jet Airways. Higher yields will drive healthy EBITDAR margins of 27.6% (+150 bps qoq). We forecast capacity growth of 30% yoy on steady addition of A320neo and ATR aircraft.

Source: Kotak Institutional Equities estimates

Exhibit 2: We expect net income of the BSE-30 Index to increase 13.2% yoy in 1QFY20
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 (#)	Jun-18	Mar-19	Jun-19E	Jun-18	Mar-19	Jun-19E	Jun-18	Mar-19	Jun-19E
Automobiles & Components (23)	1,756	1,991	1,623	209	218	159	76	100	37
Banks (21)	726	798	815	—	—	—	56	25	141
Building Products (1)	5	8	6	1	1	1	0	1	1
Capital Goods (15)	548	827	588	63	112	71	31	65	35
Commercial & Professional Services (2)	26	31	33	1	1	2	1	1	1
Commodity Chemicals (2)	71	78	79	14	14	15	8	8	8
Construction Materials (10)	298	337	324	56	63	70	25	31	35
Consumer Durables & Apparel (7)	103	100	116	15	12	16	10	8	10
Consumer Staples (14)	425	441	444	108	110	113	72	76	77
Diversified Financials (13)	222	278	279	—	—	—	77	95	97
Electric Utilities (6)	395	390	402	162	155	176	62	77	71
Fertilizers & Agricultural Chemicals (6)	78	113	116	14	16	22	9	7	9
Gas Utilities (5)	288	298	296	40	34	42	23	24	24
Health Care Services (5)	52	60	60	5	8	7	1	4	2
Hotels & Restaurants (2)	20	23	11	3	3	2	1	1	1
Internet Software & Services (2)	5	5	6	1	2	2	1	1	2
IT Services (9)	964	1,072	1,080	223	249	239	173	194	180
Media (5)	65	55	59	22	16	21	10	9	10
Metals & Mining (8)	1,115	1,226	1,110	265	255	224	103	86	72
Oil, Gas & Consumable Fuels (7)	4,508	4,634	4,649	606	639	500	309	372	244
Pharmaceuticals (8)	265	292	300	52	57	62	28	25	32
Real Estate (7)	48	75	57	14	18	14	7	10	7
Retailing (3)	108	116	131	10	10	13	6	8	8
Speciality Chemicals (4)	48	50	52	10	10	11	6	6	7
Telecommunication Services (4)	274	283	288	88	87	88	10	(16)	(6)
Transportation (6)	116	140	153	21	31	35	10	23	26
KIE universe	12,527	13,724	13,078	2,003	2,121	1,903	1,115	1,240	1,130

Source: Kotak Institutional Equities estimates

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

	Net sales			EBITDA			PAT		
Company (#)	**Jun-18**	**Mar-19**	**Jun-19E**	**Jun-18**	**Mar-19**	**Jun-19E**	**Jun-18**	**Mar-19**	**Jun-19E**
Automobiles & Components (5)	1,191	1,370	1,037	136	144	91	40	63	6
Banks (7)	516	581	578	—	—	—	42	101	130
Capital Goods (1)	283	449	311	29	56	35	12	34	17
Commodity Chemicals (1)	44	50	49	9	8	9	6	5	5
Consumer Staples (2)	202	219	225	65	69	72	44	50	49
Diversified Financials (2)	50	59	61	—	—	—	30	40	46
Electric Utilities (2)	310	310	314	131	129	141	48	68	56
IT Services (4)	755	844	854	186	204	197	143	159	147
Metals & Mining (2)	600	659	598	128	131	113	38	41	28
Oil, Gas & Consumable Fuels (2)	1,560	1,650	1,748	354	342	364	156	155	166
Pharmaceuticals (1)	72	72	82	16	10	18	10	6	11
Telecommunication Services (1)	198	206	210	67	66	67	5	(19)	(12)
BSE-30 Index	**5,782**	**6,469**	**6,066**	**1,120**	**1,161**	**1,108**	**574**	**703**	**650**

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 (#)	**Jun-18**	**Mar-19**	**Jun-19E**	**Jun-18**	**Mar-19**	**Jun-19E**	**Jun-18**	**Mar-19**	**Jun-19E**
Automobiles & Components (6)	1,217	1,395	1,061	144	151	97	46	68	11
Banks (7)	516	581	578	—	—	—	42	101	130
Capital Goods (1)	283	449	311	29	56	35	12	34	17
Commodity Chemicals (1)	44	50	49	9	8	9	6	5	5
Construction Materials (2)	134	159	150	27	31	33	12	15	16
Consumer Staples (3)	227	247	253	68	73	77	46	53	52
Diversified Financials (4)	142	188	189	—	—	—	49	59	65
Electric Utilities (2)	310	310	314	131	129	141	48	68	56
Fertilizers & Agricultural Chemicals (1)	41	85	76	8	14	16	5	6	5
Gas Utilities (1)	173	188	181	22	17	22	13	13	12
IT Services (5)	896	996	1,003	211	236	227	164	184	170
Media (1)	18	20	20	6	6	6	3	3	4
Metals & Mining (4)	912	1,006	907	192	185	161	66	59	42
Oil, Gas & Consumable Fuels (5)	3,797	3,924	3,968	559	576	468	285	315	230
Pharmaceuticals (3)	149	156	163	31	28	34	19	14	19
Retailing (1)	43	47	52	5	5	7	3	4	5
Telecommunication Services (2)	235	241	245	82	80	81	11	(14)	(6)
Transportation (1)	24	31	31	16	19	19	7	13	16
Nifty-50 Index	**9,161**	**10,073**	**9,550**	**1,541**	**1,614**	**1,434**	**838**	**999**	**849**

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	Jun-18	Mar-19	Jun-19E	yoy	qoq
Automobiles & Components	(12.9)	(24.3)	(32.9)	(36.7)	11.4	10.5	8.8	(85.6)	(90.7)
Banks	11.9	(0.6)	—	—	—	—	—	211.9	29.2
Capital Goods	10.0	(30.7)	20.3	(37.4)	10.3	12.5	11.3	41.3	(49.8)
Commodity Chemicals	11.0	(2.9)	2.1	8.5	19.9	16.4	18.3	(3.4)	13.9
Consumer Staples	11.3	2.5	12.3	5.1	32.0	31.4	32.2	12.1	(2.1)
Diversified Financials	21.7	2.8	—	—	—	—	—	51.1	13.2
Electric Utilities	1.0	1.3	7.9	9.1	42.2	41.8	45.0	15.5	(17.5)
IT Services	13.0	1.1	6.0	(3.4)	24.7	24.2	23.1	3.2	(7.4)
Metals & Mining	(0.5)	(9.3)	(11.5)	(14.2)	21.2	20.0	18.9	(26.7)	(31.5)
Oil, Gas & Consumable Fuels	12.1	6.0	2.8	6.2	22.7	20.7	20.8	6.4	7.3
Pharmaceuticals	13.4	14.4	11.9	76.8	22.2	14.2	21.9	7.8	66.6
Telecommunication Services	6.1	2.0	(0.6)	0.8	34.0	32.2	31.8	(351.3)	39.7
BSE-30 Index	**4.9**	**(6.2)**	**(1.1)**	**(4.6)**	**21.5**	**19.9**	**20.4**	**13.2**	**(7.5)**
BSE-30 Index (ex-energy)	**2.2**	**(10.4)**	**(2.9)**	**(9.2)**	**20.9**	**19.6**	**20.2**	**15.8**	**(11.7)**
BSE-30 Index (ex-banks)	**4.2**	**(6.8)**	**(1.1)**	**(4.6)**	**21.5**	**19.9**	**20.4**	**(2.4)**	**(13.7)**

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	Jun-18	Mar-19	Jun-19E	yoy	qoq
Automobiles & Components	(12.8)	(23.9)	(32.4)	(35.6)	11.8	10.8	9.1	(76.8)	(84.3)
Banks	11.9	(0.6)	—	—	—	—	—	211.9	29.2
Capital Goods	10.0	(30.7)	20.3	(37.4)	10.3	12.5	11.3	41.3	(49.8)
Commodity Chemicals	11.0	(2.9)	2.1	8.5	19.9	16.4	18.3	(3.4)	13.9
Construction Materials	11.6	(5.4)	22.6	5.5	19.9	19.6	21.9	32.2	7.6
Consumer Staples	11.2	2.2	12.2	4.7	30.1	29.6	30.4	12.0	(2.3)
Diversified Financials	33.3	0.1	—	—	—	—	—	33.4	11.3
Electric Utilities	1.0	1.3	7.9	9.1	42.2	41.8	45.0	15.5	(17.5)
Fertilizers & Agricultural Chemicals	84.3	(10.6)	88.9	13.4	20.5	16.5	21.0	(1.0)	(7.6)
Gas Utilities	4.3	(3.8)	(2.0)	30.5	13.0	9.0	12.2	(6.2)	(11.4)
IT Services	11.9	0.7	7.3	(3.8)	23.6	23.7	22.6	3.9	(7.4)
Media	12.3	(1.4)	12.5	12.0	31.9	28.1	32.0	16.1	42.3
Metals & Mining	(0.5)	(9.9)	(16.0)	(12.8)	21.0	18.4	17.8	(36.7)	(28.6)
Oil, Gas & Consumable Fuels	4.5	1.1	(16.2)	(18.7)	14.7	14.7	11.8	(19.4)	(27.0)
Pharmaceuticals	9.7	4.9	10.9	22.5	20.7	18.0	21.0	(1.0)	29.8
Retailing	20.4	11.3	33.5	31.8	11.5	10.7	12.7	34.0	25.9
Telecommunication Services	4.6	1.8	(2.1)	0.6	35.1	33.3	32.9	(151.9)	58.5
Transportation	28.9	0.9	22.4	0.7	65.9	62.7	62.6	131.4	24.3
Nifty-50 Index	**4.2**	**(5.2)**	**(7.0)**	**(11.2)**	**18.1**	**17.4**	**16.3**	**1.3**	**(15.0)**
Nifty-50 Index (ex-energy)	**4.1**	**(9.2)**	**(1.7)**	**(7.1)**	**20.9**	**19.3**	**20.0**	**12.0**	**(9.4)**
Nifty-50 Index (ex-banks)	**3.8**	**(5.5)**	**(7.0)**	**(11.2)**	**18.1**	**17.4**	**16.3**	**(9.7)**	**(19.9)**

Source: Companies, Kotak Institutional Equities estimates

1QFY20/2QCY19 EARNINGS PREVIEW FOR KIE UNIVERSE

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

				Change (%)		
	Jun-18	Mar-19	Jun-19E	yoy	qoq	Comments
Automobiles						
Amara Raja Batteries						
Net sales	17,787	15,667	17,431	(2.0)	11.3	We expect revenues to decline by 2% yoy, led by (1) 12% yoy volume decline in the auto OEM segment due to decline in industry production, (2) flattish volumes in overall industrial segment, (3) 8% yoy volume growth in the automotive replacement segment and (4) 4% negative impact due to price cuts done to pass on the benefit of decline in lead prices in non-replacement segments (50-55% of overall revenues).
EBITDA	2,203	2,421	2,759	25.2	13.9	
EBIT	1,573	1,738	2,069	31.5	19.0	
PBT	1,695	1,783	2,151	26.9	20.7	We expect EBITDA margin to improve by 40 bps qoq to 15.8% (up 340 bps yoy) largely due to improvement in gross margin led by benefit of decline in lead prices. LME lead prices have declined by 4% qoq in rupee terms in 1QFY20 (assuming 1.5-month lag in prices due to inventory). As per our channel checks, the company has not taken price cuts in the automotive replacement segment (40-45% of overall revenues; RM cost benefit normally gets passed on in other segments), which should aid margins. Having said that, it is difficult to predict the exact quantum of benefit from lead prices on quarterly basis due to (1) lead-lag impact owing to quarterly variations in RM and finished goods inventory levels and (2) volatility in lead prices in a quarter even as we work with averages.
Reported PAT	1,130	1,193	1,441	27.5	20.7	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,130	1,193	1,441	27.5	20.7	
EPS (Rs/share)	6.6	7.0	8.4	27.5	20.7	
EBITDA margin (%)	12.4	15.5	15.8	344 bps	37 bps	
Apollo Tyres						
Net sales	42,880	42,737	44,231	3.1	3.5	We expect standalone revenues to increase by 3% yoy, driven largely by some price increases taken during the year. Volumes will likely be flattish yoy as growth in the replacement market due to market share gain (~10% yoy) will be offset by around 18-20% yoy volume decline in the OEM segment. We expect standalone EBITDA margin to improve by 30 bps qoq (down 170 bps yoy) led by the lagged benefit of lower RM costs. Marketing spend will likely be higher this quarter due to advertisement campaigns done during the cricket world cup.
EBITDA	5,281	4,246	4,593	(13.0)	8.2	
EBIT	3,440	1,933	2,343	(31.9)	21.3	
PBT	3,416	1,984	2,123	(37.8)	7.0	
Reported PAT	2,518	840	1,550	(38.5)	84.6	We expect Europe revenues to grow by 2% yoy in 1QFY20, led by (1) 7% yoy revenue growth in EUR terms in manufacturing operations led by ramp-up of the Hungary plant, (2) marginal yoy decline in Reifencom revenues (distribution business) and (3) negative impact of INR appreciation versus EUR. We build in negative EBIT margin of 2% in our estimates in 1QFY20 (negative EBIT margin of 3.8% in 4QFY19 and EBIT margin of 2.2% in 1QFY19); note that this is a seasonally weak quarter for the company and overall manufacturing revenues will likely be flattish qoq. Yoy decline in EBIT margin is due to increase in fixed overheads and higher depreciation expenses associated with the Hungary plant.
Extraordinaries	—	(1,000)	—	—	—	
Adjusted PAT	2,518	1,694	1,550	(38.5)	(8.5)	
EPS (Rs/share)	4.4	3.0	2.7	(38.5)	(8.5)	
EBITDA margin (%)	12.3	9.9	10.4	-194 bps	44 bps	
Ashok Leyland						
Net sales	62,627	88,459	58,865	(6.0)	(33.5)	We expect revenues to decline by 6% yoy in 1QFY20, led by 6% yoy decline in volumes.
EBITDA	6,717	9,854	3,999	(40.5)	(59.4)	
EBIT	5,191	8,257	2,389	(54.0)	(71.1)	
PBT	5,574	8,182	2,314	(58.5)	(71.7)	
Reported PAT	4,216	6,530	1,666	(60.5)	(74.5)	We expect EBITDA to decline by 40% yoy as we expect EBITDA margin to decline by 390 bps yoy, led by 240 bps yoy decline in gross margin and negative operating leverage.
Extraordinaries	(215)	(117)	—	—	—	
Adjusted PAT	4,366	6,612	1,666	(61.8)	(74.8)	
EPS (Rs/share)	1.5	2.3	0.6	(61.8)	(74.8)	
EBITDA margin (%)	10.7	11.1	6.8	-394 bps	-435 bps	
Bajaj Auto						
Net sales	74,193	73,952	72,507	(2.3)	(2.0)	Volumes increased by 2% yoy, led by (1) 3% yoy growth in domestic bike volumes, (2) 8% yoy growth in export bike volumes offset by 23% yoy decline in export three-wheeler volumes and 9% yoy decline in domestic three-wheeler volumes. We expect revenues to decline by 2% yoy as ASPs will decline by ~4% yoy due to an inferior product mix.
EBITDA	12,814	11,623	11,010	(14.1)	(5.3)	
EBIT	12,115	11,014	10,401	(14.1)	(5.6)	
PBT	16,156	15,339	14,899	(7.8)	(2.9)	
Reported PAT	11,152	13,056	10,280	(7.8)	(21.3)	
Extraordinaries	—	3,420	—	—	—	
Adjusted PAT	11,152	10,662	10,280	(7.8)	(3.6)	We expect EBITDA margin to decline by 210 bps on yoy basis largely due to a inferior product mix, higher commodity costs and increase in discounting in the economy motorcycle segment.
EPS (Rs/share)	38.5	36.8	35.5	(7.8)	(3.6)	
EBITDA margin (%)	17.3	15.7	15.2	-209 bps	-54 bps	
Balkrishna Industries						
Net sales	14,134	13,540	13,070	(7.5)	(3.5)	We expect volumes to decline by 6% yoy particularly due to (1) weakness in demand across markets particularly in the agriculture segment and (2) the higher base of last year—volumes were up 23% yoy in 1QFY19. Revenues will likely decline by 8% yoy due to pricing pressures (increase in discounts) in the market.
EBITDA	4,106	3,360	3,265	(20.5)	(2.8)	
EBIT	3,265	2,538	2,425	(25.7)	(4.4)	
PBT	3,524	2,759	2,647	(24.9)	(4.1)	
Reported PAT	2,302	1,847	1,773	(23.0)	(4.0)	We expect EBITDA margin to be flattish qoq (down 410 bps yoy); while there will be marginal improvement in gross margin qoq due to lagged benefit of lower commodity prices, this will be offset by negative operating leverage. Decline in margin on a yoy basis will be due to pricing pressures globally and adverse impact of currency movements (INR appreciation versus USD). We expect EBITDA per kg to be flat qoq but down 15% yoy.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,162	1,833	1,773	(18.0)	(3.3)	
EPS (Rs/share)	11.2	9.5	9.2	(18.0)	(3.3)	
EBITDA margin (%)	29.1	24.8	25.0	-407 bps	16 bps	
Bharat Forge						
Net sales	23,538	24,734	24,900	5.8	0.7	We expect consolidated revenues to increase by 6% yoy, which will be driven by (1) 12% yoy growth in the standalone business and (2) 5% yoy decline in the European subsidiary. Revenue growth in the standalone business will be driven by (1) 13% yoy growth in exports revenues and (2) 9% yoy growth in domestic revenues led by strong growth in the non-auto segment.
EBITDA	4,982	5,565	5,504	10.5	(1.1)	
EBIT	4,982	5,565	5,504	10.5	(1.1)	
PBT	3,793	4,711	4,581	20.8	(2.7)	
Reported PAT	2,541	3,156	3,069	20.8	(2.7)	
Extraordinaries	—	—	—	—	—	We expect consolidated EBITDA margin to improve by 90 bps yoy, led by 130 bps improvement in standalone EBITDA margin due to operating leverage benefits. We build in 6.0% EBITDA margin in the European business, down 200 bps yoy.
Adjusted PAT	2,541	3,156	3,069	20.8	(2.7)	
EPS (Rs/share)	5.5	6.8	6.6	20.8	(2.7)	
EBITDA margin (%)	21.2	22.5	22.1	93 bps	-40 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	qoq	Comments
Ceat						
Net sales	17,063	17,605	17,153	0.5	(2.6)	We expect consolidated revenues to be flattish yoy led by (1) 3% yoy volume decline in the standalone business due to volume decline in the OEM segment and lack of meaningful growth in the replacement market and (2) 3% yoy increase in ASPs due to price increases taken during the quarter.
EBITDA	1,758	1,623	1,524	(13.3)	(6.1)	
EBIT	1,298	1,116	994	(23.4)	(10.9)	
PBT	1,131	1,153	744	(34.2)	(35.4)	
Reported PAT	720	643	560	(22.2)	(12.8)	
Extraordinaries	(23)	(405)	—	—	—	We expect EBITDA margin to decline marginally qoq due to negative operating leverage and higher marketing spend in the quarter. We expect gross margin to be flat qoq.
Adjusted PAT	736	601	560	(23.9)	(6.8)	
EPS (Rs/share)	18.2	14.9	13.9	(23.9)	(6.8)	
EBITDA margin (%)	10.3	9.2	8.9	-142 bps	-34 bps	
Eicher Motors						
Net sales	25,478	25,001	24,100	(5.4)	(3.6)	Royal Enfield volumes declined by 19% yoy in 1QFY20 due to weak demand and high ownership cost; 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 660 bps yoy due to negative operating leverage (-270 bps yoy) and decline in gross margin (-390 bps yoy).
EBITDA	8,096	6,847	6,128	(24.3)	(10.5)	
EBIT	7,524	6,134	5,421	(28.0)	(11.6)	
PBT	8,777	7,549	6,813	(22.4)	(9.7)	
Reported PAT	5,762	5,448	4,880	(15.3)	(10.4)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	5,762	5,448	4,880	(15.3)	(10.4)	We expect consolidated adjusted net profit to decline by 15% yoy led by weak performance of both RE and VECV.
EPS (Rs/share)	211.7	200.2	179.3	(15.3)	(10.4)	
EBITDA margin (%)	31.8	27.4	25.4	-635 bps	-196 bps	
Endurance Technologies						
Net sales	18,604	19,004	20,542	10.4	8.1	We expect consolidated revenues to increase by 10% yoy in 1QFY20 led by (1) 13% yoy increase in standalone revenues aided by increase in Bajaj Auto's production volumes and increase in content per vehicle due to new product introductions and (2) 5% yoy revenue growth in the European subsidiary (in INR terms) despite decline in production volumes in Europe largely due to market share gains.
EBITDA	2,714	3,246	3,202	18.0	(1.4)	
EBIT	1,894	2,161	2,092	10.4	(3.2)	
PBT	1,876	2,149	2,087	11.2	(2.9)	
Reported PAT	1,246	1,486	1,419	13.9	(4.5)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,246	1,486	1,419	13.9	(4.5)	We expect consolidated EBITDA margin to improve by 100 bps yoy (down 150 bps qoq) led by higher gross margin in both India and Europe businesses.
EPS (Rs/share)	8.9	10.6	10.1	13.9	(4.5)	
EBITDA margin (%)	14.6	17.1	15.6	99 bps	-150 bps	
Escorts						
Net sales	15,113	16,317	13,946	(7.7)	(14.5)	We expect revenues to decline by 8% yoy in 1QFY20 led by (1) 14% yoy decline in tractor volumes and (2) 7% and 14% yoy increase in construction and railway segment revenues, respectively.
EBITDA	1,855	1,898	1,483	(20.1)	(21.9)	
EBIT	1,650	1,680	1,263	(23.5)	(24.8)	
PBT	1,791	1,778	1,356	(24.3)	(23.7)	
Reported PAT	1,196	1,214	922	(22.9)	(24.0)	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to decline by 170 bps yoy, led by decline in gross margin and negative operating leverage.
Adjusted PAT	1,196	1,214	922	(22.9)	(24.0)	
EPS (Rs/share)	13.5	13.7	10.4	(22.9)	(24.0)	
EBITDA margin (%)	12.3	11.6	10.6	-165 bps	-100 bps	
Exide Industries						
Net sales	27,725	25,987	27,838	0.4	7.1	We expect revenues to be flattish yoy as steady 8% yoy growth in the automotive replacement segment will be offset by (1) double-digit volume decline in the auto OEM segment, (2) demand weakness in the industrial segment and (3) price cuts in non-replacement segments (3-4% negative impact on revenues) due to pass-through of benefit from lower lead prices.
EBITDA	3,909	3,733	4,185	7.1	12.1	
EBIT	3,190	2,898	3,345	4.8	15.4	
PBT	3,221	3,051	3,455	7.3	13.2	We expect EBITDA margin to improve by 70 bps qoq to 15% (up 90 bps yoy) largely due to improvement in gross margin led by benefit of decline in lead prices and normalization of higher warranty expenses. LME lead prices have declined by 4% qoq in INR terms in 1QFY20 (assuming 1.5-month lag in prices due to inventory). As per our channel checks, the company has not taken price cuts in the automotive replacement segment (35-40% of overall revenues; RM cost benefit normally gets passed on in other segments), which should aid margins. Having said that, it is difficult to predict the exact quantum of benefit from lead prices on quarterly basis due to (1) lead-lag impact owing to quarterly variations in RM and finished goods inventory levels and (2) volatility in lead prices in a quarter even as we work with averages.
Reported PAT	2,099	2,107	2,315	10.3	9.9	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,099	2,107	2,315	10.3	9.9	
EPS (Rs/share)	2.5	2.5	2.7	10.3	9.9	
EBITDA margin (%)	14.1	14.4	15.0	93 bps	66 bps	
Hero Motocorp						
Net sales	88,098	78,850	81,580	(7.4)	3.5	We expect revenues to decline by 7.4% yoy largely led by 12.4% yoy volume decline.
EBITDA	13,773	10,693	11,880	(13.7)	11.1	
EBIT	12,291	9,191	10,377	(15.6)	12.9	
PBT	13,427	10,811	11,998	(10.6)	11.0	
Reported PAT	9,092	7,303	8,098	(10.9)	10.9	We expect EBITDA margin to decline by 100 bps yoy due to increase in commodity costs and higher discounting due to a weak demand scenario.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	9,092	7,303	8,098	(10.9)	10.9	
EPS (Rs/share)	45.5	36.6	40.5	(10.9)	10.9	
EBITDA margin (%)	15.6	13.6	14.6	-108 bps	100 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	qoq	Comments
Mahindra CIE Automotive						
Net sales	19,547	20,684	20,405	4.4	(1.4)	We expect consolidated revenues to increase by 4%, yoy led by (1) 10% yoy revenue growth in the European business (in INR terms) aided by strong growth in Metalcastello business and further ramp-up of the Lithuania plant and (2) 4% yoy revenue decline in the India business (including Bill Forge) due to decline in domestic automotive industry production across segments.
EBITDA	2,909	2,974	2,813	(3.3)	(5.4)	
EBITDA margin (%)	14.9	14.4	13.8	-110 bps	-60 bps	We expect consolidated EBITDA margin to decline by 110 bps yoy (down 60 bps qoq) due to normalization of profitability from high levels of 2QCY18 in the European business (EBITDA margin of 14.2% in 2Q versus our estimate of 13% for 2QCY19) and 80 bps yoy decline in EBITDA margin for the India business due to negative operating leverage.
Mahindra & Mahindra						
Net sales	133,577	138,079	127,033	(4.9)	(8.0)	Overall volumes declined by 9% yoy led by 14% yoy decline in tractor volumes and 6% yoy decline in auto volumes. We expect revenues to decline by 5% yoy.
EBITDA	21,101	18,678	17,258	(18.2)	(7.6)	
EBIT	16,806	12,982	11,458	(31.8)	(11.7)	
PBT	18,305	15,151	13,858	(24.3)	(8.5)	
Reported PAT	12,572	9,692	9,701	(22.8)	0.1	
Extraordinaries	245	(1,047)	—	—	—	We expect EBITDA margin to decline by 220 bps due to negative operating leverage.
Adjusted PAT	12,401	10,426	9,701	(21.8)	(7.0)	
EPS (Rs/share)	10.9	9.2	8.5	(21.8)	(7.0)	
EBITDA margin (%)	15.8	13.5	13.6	-222 bps	5 bps	
Maruti Suzuki						
Net sales	224,594	214,594	193,245	(14.0)	(9.9)	We expect revenues to decline by 14% yoy in 1QFY20 on the back of 18% yoy volume decline, which will be offset by 4% yoy increase in ASPs due to increase in costs owing to new safety regulations.
EBITDA	33,511	22,634	19,375	(42.2)	(14.4)	
EBIT	26,311	14,530	11,273	(57.2)	(22.4)	
PBT	28,824	23,121	18,165	(37.0)	(21.4)	
Reported PAT	19,753	17,956	13,260	(32.9)	(26.2)	
Extraordinaries	—	—	—	—	—	We expect EBITDA to decline by 42% yoy in 1QFY20 led by (1) rise in commodity costs, (2) negative operating leverage and (3) high fixed costs in the Gujarat plant due to low volumes.
Adjusted PAT	19,753	17,956	13,260	(32.9)	(26.2)	
EPS (Rs/share)	65.4	59.4	43.9	(32.9)	(26.2)	
EBITDA margin (%)	14.9	10.5	10.0	-490 bps	-53 bps	
Motherson Sumi Systems						
Net sales	147,755	171,695	165,890	12.3	(3.4)	We expect 9% yoy revenue decline for the standalone entity as we build in steep cut in passenger vehicle industry production volumes. Standalone EBITDA margin will likely remain flat yoy.
EBITDA	14,121	12,428	12,652	(10.4)	1.8	
EBIT	9,650	6,910	7,134	(26.1)	3.2	
PBT	9,093	6,562	6,786	(25.4)	3.4	We expect consolidated revenue to grow by 12% yoy, led by (1) 25% yoy growth in EUR revenues of the SMRPBV business due to addition of revenues of SMC business and (2) 1% growth (in EUR terms) in the PKC business, which will be partially offset by 9% decline in revenues for the standalone business. We expect consolidated EBITDA to decline by 10% yoy driven by sharp decline in SMP EBITDA margin due to issues in ramping up the plant in the US.
Reported PAT	4,431	4,100	3,871	(12.6)	(5.6)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	4,431	4,100	3,871	(12.6)	(5.6)	
EPS (Rs/share)	1.4	1.3	1.2	(12.6)	(5.6)	
EBITDA margin (%)	9.6	7.2	7.6	-194 bps	38 bps	
MRF						
Net sales	38,556	40,735	39,327	2.0	(3.5)	We expect revenues to grow by 2% yoy, led by increase in ASPs due to price increases taken during the year. Volumes will likely decline by 1% yoy due to weakness in the OEM segment; we note that MRF has lower exposure to the OEM segment compared to peers, which should benefit them this quarter given sharp volume decline in the OEM segment. Strong growth in the truck radial segment (in replacement market) and MRF's weaker presence in that category will largely offset the positives from lower exposure to OEMs, we believe.
EBITDA	5,953	5,712	5,525	(7.2)	(3.3)	
EBIT	4,086	3,567	3,355	(17.9)	(5.9)	
PBT	3,971	4,088	3,725	(6.2)	(8.9)	
Reported PAT	2,607	2,938	2,533	(2.8)	(13.8)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,607	2,938	2,533	(2.8)	(13.8)	We expect EBITDA margin to be flat qoq (down 140 bps yoy) as marginal benefit of gross margin will be offset by negative operating leverage and higher marketing spend.
EPS (Rs/share)	615.0	693.0	597.5	(2.8)	(13.8)	
EBITDA margin (%)	15.4	14.0	14.0	-140 bps	2 bps	
Schaeffler India						
Net sales	11,003	11,723	11,553	5.0	(1.5)	We expect revenues to grow by 5% yoy, led by mid-teens revenue growth in automotive replacement, industrial segments and exports (higher focus on exports due to slowdown in the domestic market) while automotive OEM revenues (40-45% of overall revenues) will likely be weak (10-11% yoy decline) due to slowdown in automotive industry production and lower diesel vehicle mix in the passenger vehicle segment (lower engine and transmission content in petrol vehicles compared to diesel vehicles).
EBITDA	1,801	1,844	1,902	5.6	3.1	
EBIT	1,435	1,466	1,512	5.4	3.1	
PBT	1,710	1,626	1,682	(1.6)	3.5	
Reported PAT	1,114	1,062	1,110	(0.4)	4.6	
Extraordinaries	(6)	(3)	—	—	—	
Adjusted PAT	1,118	1,064	1,110	(0.7)	4.3	We expect EBITDA margin to improve by 70 bps qoq (+10 bps yoy) as we build in the benefit of recent softness in commodity prices and price increases from certain customers, which were under negotiations.
EPS (Rs/share)	35.8	34.0	35.5	(0.7)	4.3	
EBITDA margin (%)	16.4	15.7	16.5	9 bps	73 bps	

Source: Companies, Kotak Institutional Equities estimates

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

				Change (%)		
	Jun-18	Mar-19	Jun-19E	yoy	qoq	Comments
SKF						
Net sales	7,550	7,484	7,851	4.0	4.9	We expect revenues to grow by 4% yoy, led by (1) 12-13% yoy growth in automotive replacement and overall industrial segments (~65% of revenues) aided partly by market share gain and (2) 10-11% yoy decline in the automotive OEM segment and exports (35% of revenues) due to decline in domestic automotive industry production and weakness in global markets.
EBITDA	1,160	1,110	1,190	2.6	7.2	
EBIT	1,043	994	1,072	2.8	7.8	
PBT	1,251	1,268	1,287	2.8	1.5	
Reported PAT	809	822	849	5.0	3.3	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to decline marginally on a yoy basis (down 20 bps yoy but up 30 bps qoq) largely due to adverse impact of a weaker product mix (auto segment is more profitable for the company) on the company's gross margins partly offset by its cost-reduction efforts and some softness in commodity prices.
Adjusted PAT	809	822	849	5.0	3.3	
EPS (Rs/share)	15.8	16.0	16.6	5.0	3.3	
EBITDA margin (%)	15.4	14.8	15.2	-22 bps	32 bps	
Tata Motors						
Net sales	670,813	864,220	562,778	(16.1)	(34.9)	We expect standalone revenues to decline by 22% yoy, led by decline in volumes across segments while ASPs will be flattish yoy. We build in standalone EBITDA margin of 4.2% in 1QFY20 (6% in 4QFY19 and 8% in 1QFY19); the yoy decline is due to increase in discount levels, a weaker mix and negative operative leverage.
EBITDA	54,307	80,193	31,448	(42.1)	(60.8)	
EBIT	(4,265)	26,662	(21,952)	414.7	(182.3)	
PBT	(15,770)	19,418	(35,152)	122.9	(281.0)	
Reported PAT	(19,024)	11,175	(35,512)	86.7	(417.8)	JLR's UK P&L volumes will likely decline by 9% yoy (assuming 31,000 wholesale volumes in June 2019; up 4% yoy). ASPs will likely decline by 0.5% qoq due to a weaker mix. We expect reported EBITDA margin to decline by 80 bps yoy as the benefit of lower hedging loss will be offset by a weaker mix, pricing pressures and negative operating leverage. We build in hedged forex loss of GBP115 mn in our estimates for 1QFY20 (GBP158 mn in 4QFY19 and GBP212 mn in 1QFY19).
Extraordinaries	(10,073)	(6,769)	—	—	—	
Adjusted PAT	(11,973)	16,252	(35,512)	196.6	(318.5)	
EPS (Rs/share)	(3.5)	4.8	(10.5)	196.6	(318.5)	
EBITDA margin (%)	8.1	9.3	5.6	-251 bps	-370 bps	
Timken						
Net sales	3,834	4,480	4,332	13.0	(3.3)	We expect revenues to increase by 13% yoy, led by (1) 4% due to consolidation of ABC Bearings (note that ABC was consolidated from May 1, 2018), (2) strong double-digit growth in industrial, aftermarket and export segments (growth in exports will be driven by ramp-up of exports from ABC's plants and execution of new order wins from non-US markets) and (3) 12% yoy revenue decline in the CV segment due to decline in industry production (~30-33% of overall revenues). We note that 9% organic revenue growth is higher than peers due to lower exposure to the auto OEM segment and focus on growing exports of railway and CV bearings from India.
EBITDA	593	1,012	780	31.5	(22.9)	
EBIT	473	790	555	17.3	(29.8)	
PBT	486	857	623	28.1	(27.3)	
Reported PAT	316	572	417	31.9	(27.1)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	316	572	417	31.9	(27.1)	We expect EBITDA margin to normalize from higher levels of last quarter but still improve by 250 bps yoy due to price increases from customers, recent decline in commodity prices and benefit of backward integration.
EPS (Rs/share)	4.2	7.6	5.5	31.9	(27.1)	
EBITDA margin (%)	15.5	22.6	18.0	253 bps	-460 bps	
TVS Motor						
Net sales	41,685	43,840	44,923	7.8	2.5	Volumes declined by 1% yoy possibly led by (1) 2% growth in exports and (2) 1% yoy decline in domestic markets. We expect revenues to grow by 8% yoy in 1QFY20 largely led by 8% yoy increase in ASP.
EBITDA	3,212	3,081	3,493	8.7	13.3	
EBIT	2,279	2,050	2,461	8.0	20.0	
PBT	2,124	1,839	2,246	5.8	22.1	
Reported PAT	1,466	1,338	1,640	11.9	22.5	We expect EBITDA margin to increase by 9% yoy, which is likely to remain in line with revenue growth. We expect net profit to increase by 12% yoy.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,466	1,338	1,640	11.9	22.5	
EPS (Rs/share)	3.1	2.8	3.5	11.9	22.5	
EBITDA margin (%)	7.7	7.0	7.8	6 bps	74 bps	
Varroc Engineering						
Net sales	29,435	31,534	29,284	(0.5)	(7.1)	We expect consolidated revenues to decline by 1% yoy, led by (1) 5% yoy decline in India business revenues as growth in production of Bajaj Auto (accounts for 50-55% of India revenues) will be more than offset by double-digit decline in production of other two-wheeler OEMs and (2) 5% yoy EUR revenue growth in VLS (3% yoy growth in INR terms due to INR appreciation versus EUR) driven by new business wins particularly from VW Group even though global industry volumes are under pressure.
EBITDA	2,411	2,931	2,692	11.7	(8.2)	
EBIT	1,347	1,402	1,152	(14.5)	(17.8)	
PBT	1,215	1,429	1,052	(13.4)	(26.4)	
Reported PAT	1,004	1,500	882	(12.2)	(41.2)	
Extraordinaries	—	—	—	—	—	We expect consolidated EBITDA margin to improve by 100 bps due to 230 bps yoy margin expansion in VLS business led by lower launch costs, Ind-AS impact and potential improvement in operational efficiency, which will be offset by 120 bps yoy margin decline in India business due to negative operating leverage.
Adjusted PAT	1,004	1,500	882	(12.2)	(41.2)	
EBITDA margin (%)	8.2	9.3	9.2	100 bps	-11 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
Banks/Diversified financials						
AU Small Finance Bank						
Net interest income	2,864	3,869	3,992	39.4	3.2	We expect AUM growth to remain strong at ~45% yoy and off-balance sheet loans to decline further. There would be focus on the progress and NIM improvement as there has been revenue pressure in recent quarters due to change in loan mix and pricing.
Pre-provision profit	1,524	2,157	2,154	41.3	(0.1)	
Loan-loss provisions	210	190	200	(5.0)	5.0	
Adjusted PAT	768	1,182	1,147	49.3	(3.0)	We expect cost-income ratio similar to 4QFY19 levels at ~60%. Liability side should see further improvement on deposit contribution but the mix should be a bit more favorable on wholesale side. Gross NPL ratios should see a marginal increase qoq, especially on the retail side.
EPS (Rs/share)	2.6	4.0	3.9	48.1	(3.0)	
NIM (%)	5.8	5.1	4.8	-101 bps	-37 bps	
Axis Bank						
Net interest income	51,668	57,056	58,978	14.1	3.4	We expect loan growth at 13% yoy with greater focus on retail, and NIM at 3.5% (unchanged qoq but there is a positive bias as pricing environment has been favorable for banks).
Pre-provision profit	43,720	50,144	49,943	14.2	(0.4)	
Fee income	21,170	30,200	27,521	30.0	(8.9)	
Treasury income (net)	(320)	30	3,000	NM	9,900.0	We expect slippages of Rs25 bn (2% of loans) mostly from 'below investment grade book'. Expect more traction on recovery as well from the write-off pool. No major concerns on asset quality.
Loan-loss provisions	30,660	16,380	15,561	(49.2)	(5.0)	
Adjusted PAT	7,011	15,051	16,946	141.7	12.6	
EPS (Rs/share)	3.0	6.4	7.2	141.7	12.6	
Bajaj Finance						
Net interest income	22,455	27,382	29,800	32.7	8.8	We expect loan growth to remain strong at 37% yoy, marginally lower than 41% in 4QFY19.
Pre-provision profit	16,241	22,209	24,410	50.3	9.9	
Loan-loss provisions	3,268	4,093	4,500	37.7	10.0	NIM will likely expand qoq by 10 bps to 9.8%, in line with seasonal trends; we expect the cost-income ratio to improve to 55% from 57% qoq due to higher contribution from the consumer business.
Adjusted PAT	8,359	11,761	12,942	54.8	10.0	
EPS (Rs/share)	15.3	21.5	23.7	54.8	10.0	
Bandhan Bank						
Net interest income	10,372	12,575	14,062	35.6	11.8	We expect loan growth at ~40% yoy resulting in strong revenue growth of ~32% yoy. NIM will be flat qoq at ~9.5% of AUM.
Pre-provision profit	8,205	11,532	11,602	41.4	0.6	
Fee income	1,485	2,879	—	—	—	
Loan-loss provisions	536	1,537	1,691	215.6	10.0	We expect stable trends on asset quality. Commentary on loan growth and borrower indebtedness in key markets would be key monitorables.
Adjusted PAT	4,817	6,509	6,509	35.1	0.0	
EPS (Rs/share)	4.0	5.5	5.5	35.1	0.0	
Bank of Baroda						
Net interest income	43,811	50,670	67,703	54.5	33.6	This would be the first quarter with the merged financials of BoB, Vijaya and Dena Bank. The bank has given an opening balance sheet but the net worth for 1QFY20 would be closely watched. Yoy changes are not comparable given the recent changes at the bank level.
Pre-provision profit	30,056	38,608	47,982	59.6	24.3	
Fee income	7,680	9,620	8,448	10.0	(12.2)	
Treasury income (net)	(3,830)	7,600	4,500	NM	(40.8)	
Loan-loss provisions	17,597	55,500	33,300	89.2	(40.0)	We expect fresh slippages at <2% (balance sheet post M&A) with negligible surprises from Vijaya or Dena Bank. Coverage ratio will improve qoq. Progress of the merger would be discussed.
Adjusted PAT	5,283	(9,914)	9,507	80.0	NM	
EPS (Rs/share)	10.0	(18.7)	17.9	80.0	NM	
Canara Bank						
Net interest income	38,829	35,002	33,736	(13.1)	(3.6)	We expect 10% yoy loan growth but ~10 bps qoq decline in NIM (one-off) to 2.4%. The base quarter has one-off interest income from recovery of a bad loan. We expect to see a higher contribution from treasury this quarter.
Pre-provision profit	29,328	29,735	27,907	(4.8)	(6.1)	
Fee income	3,460	2,960	3,463	0.1	17.0	
Treasury income (net)	(1,970)	(1,780)	5,223	NM	NM	
Loan-loss provisions	23,240	51,518	23,183	(0.2)	(55.0)	We expect slippages of ~2% of loans and mostly from non-corporate loans but NPL decline would be slower as there were no major resolutions during the quarter. Coverage ratio will improve qoq.
Adjusted PAT	2,815	(5,515)	2,830	0.5	NM	
EPS (Rs/share)	3.8	(7.3)	3.8	(2.1)	NM	
Cholamandalam						
Net interest income	8,190	8,990	9,353	14.2	4.0	We expect loan growth to moderate to 23% from 26% on the back of slowdown in CVs. Credit cost is seasonally high in 1Q.
Pre-provision profit	5,374	5,170	5,801	8.0	12.2	
Loan-loss provisions	980	560	800	(18.4)	42.9	
Adjusted PAT	2,854	2,920	3,251	13.9	11.3	Competition in CV finance and high liquidity on balance sheet will put pressure on NIM.
EPS (Rs/share)	18.2	18.7	20.8	14.0	11.3	
City Union Bank						
Net interest income	3,748	4,206	4,223	12.7	0.4	We expect loan growth to slow down to ~15% yoy for the quarter. NII growth will be marginally lower than loan growth at 13% yoy. NIM would decline ~10 bps at 4.3%.
Pre-provision profit	2,994	3,378	3,374	12.7	(0.1)	
Fee income	759	777	835	10.0	7.5	
Treasury income (net)	48	256	306	536.9	19.4	We expect gross NPLs at ~3% (higher qoq); slippages are expected at ~2.2% of loans, mostly from small-ticket loans.
Loan-loss provisions	673	754	829	23.3	10.0	
Adjusted PAT	1,616	1,751	1,829	13.1	4.4	
EPS (Rs/share)	2.4	2.4	2.5	2.4	4.4	
DCB Bank						
Net interest income	2,730	3,009	3,123	14.4	3.8	We expect revenue growth at 14% yoy on the back of 14% yoy NII growth and 17% yoy loan growth. NIM would be unchanged qoq but there is some easing of pressure (portfolio level) on product segments, which compete with NBFCs. Cost of deposits will be stable qoq. Performance in LAP would be the key monitorable given rising NPLs at the sector level.
Pre-provision profit	1,414	1,853	1,749	23.7	(5.6)	
Fee income	626	846	738	17.8	(12.7)	
Treasury income (net)	153	90	143	(6.6)	58.8	
Loan-loss provisions	299	330	363	21.4	10.0	We expect PAT growth at 27% yoy led by operating leverage. RoE progression for FY2020 would be the key monitorable as the progress in FY2019 has been impressive.
Adjusted PAT	695	963	879	26.5	(8.8)	
EPS (Rs/share)	2.2	3.1	2.8	28.6	(7.4)	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
Equitas Holdings						
Net interest income	2,544	3,331	3,568	40.2	7.1	We expect AUM growth of ~45% yoy led by SME and auto loans. NIM to be unchanged qoq at 9%. Operating expenses are likely to be flat yoy resulting in an improvement in cost-income ratio to ~65-68%. The progress on deposits, especially on wholesale and retail term deposits, would be a key monitorable.
Pre-provision profit	761	1,263	1,370	80.1	8.5	
Loan-loss provisions	209	249	350	67.5	40.7	We expect impairment ratios to show further improvement with gross NPLs <3% on the back of strong loan growth and normalized slippages trends. Progress on listing would be discussed as not much has happened since March 2019.
Adjusted PAT	354	687	663	87.3	(3.5)	
EPS (Rs/share)	1.0	2.0	1.9	86.6	(3.5)	
Federal Bank						
Net interest income	9,801	10,965	11,067	12.9	0.9	We expect loan growth to be slower than past few quarters at ~17% yoy though retail and SME businesses should see solid traction. NIM would be flat to marginally positive.
Pre-provision profit	6,029	7,548	6,851	13.6	(9.2)	
Treasury income (net)	190	500	412	116.7	(17.7)	
Loan-loss provisions	1,662	1,530	1,377	(17.1)	(10.0)	We expect slippages at ~1.5% of loans though we await to see if there is further stress from Kerala floods. RoA progression for FY2020 would be a key monitorable.
Adjusted PAT	2,627	3,815	3,461	31.7	(9.3)	
EPS (Rs/share)	2.7	3.8	3.5	30.9	(9.3)	
HDFC						
Net interest income	27,367	31,611	30,835	12.7	(2.5)	We expect HDFC to deliver 17% retail loan growth; this will drive 15% growth in overall loans.
Pre-provision profit	30,897	40,889	49,335	59.7	20.7	
Adjusted PAT	21,900	28,616	32,772	49.6	14.5	Pressure on retail home loan rates will likely lead to marginal compression in NIM to 2.6% (2.8% in 4QFY19); high PAT growth will be driven by capital gains of Rs19 bn from stake-sale in Gruh Finance.
EPS (Rs/share)	13.0	16.6	19.0	46.4	14.5	
HDFC Bank						
Net interest income	108,136	130,895	129,579	19.8	(1.0)	We expect loan growth to slow down to ~17% yoy resulting in NII growth at ~20% yoy. Retail loan growth slowdown is on account of weak volume growth in auto and a more cautious approach towards unsecured loans. Fee income growth from MFs is expected to be slower yoy due to changes in regulations, while asset and payment fees will grow at a slower rate.
Pre-provision profit	86,478	108,436	106,904	23.6	(1.4)	
Fee income	31,710	36,921	37,101	17.0	0.5	
Treasury income (net)	(2,832)	2,289	4,167	NM	82.0	
Loan-loss provisions	16,154	16,224	20,002	23.8	23.3	
Adjusted PAT	46,014	58,851	55,140	19.8	(6.3)	We expect gross NPL ratio (1.5% of loans), which is a marginal increase on a qoq basis. Growth in credit costs, especially from rural loans, would be a key monitorable.
EPS (Rs/share)	17.7	21.6	20.2	14.6	(6.3)	
ICICI Bank						
Net interest income	61,019	76,201	72,519	18.8	(4.8)	We expect core earnings (base quarter had stake sale gains of ICICI Life) trajectory to remain strong at ~15% yoy, led by healthy loan growth (~15% yoy) and better NII growth (19% yoy). NIM will decline qoq by ~10 bps due to lower one-offs.
Pre-provision profit	58,084	62,334	61,943	6.6	(0.6)	
Fee income	27,540	31,780	31,946	16.0	0.5	
Treasury income (net)	7,660	1,560	4,250	(44.5)	172.4	We expect reduction in gross NPLs on the back of write-offs. Credit costs will decline qoq led by lower slippages (~<1.7% of loans, primarily from agriculture). Below investment grade portfolio would decline qoq and coverage ratio would improve qoq.
Loan-loss provisions	59,713	54,514	46,300	(22.5)	(15.1)	
Adjusted PAT	(1,196)	9,691	13,931	NM	43.8	
IIFL Finance						
Net interest income	5,144	6,935	5,558	8.1	(19.8)	We expect IIFL Finance's loan growth to be depressed at 2% qoq, due to slowdown in the real estate business; the loan book will be down 5% yoy due to sell-down of the CV business in 4QFY19.
Adjusted PAT	1,949	2,586	1,013	(48.0)	(60.8)	
EPS (Rs/share)	6.1	8.1	3.2	(48.0)	(60.8)	NIM (excluding one-offs) will likely remain stable qoq at 8.3%.
IndusInd Bank						
Net interest income	21,224	22,324	27,716	30.6	24.2	We are incorporating the merged financials of BHAFIN for the current quarter and hence, the yoy numbers are not comparable. There would be no immediate benefits of the merger as the transaction, though effective from January 1, 2018, was consumated only on July 4, 2019.
Pre-provision profit	18,211	20,677	22,605	24.1	9.3	
Fee income	11,646	14,190	14,397	23.6	1.5	
Treasury income (net)	470	1,400	1,050	123.4	(25.0)	
Loan-loss provisions	2,090	20,040	8,016	283.5	(60.0)	We expect the bank to make high provisions for their IL&FS exposure (holding company - 100% from 70%). We would look at their guidance on credit costs, given the exposures they have to select companies that are currently under stress.
Adjusted PAT	10,357	3,601	9,498	(8.3)	163.8	
EPS (Rs/share)	17.3	6.0	15.8	(8.7)	163.8	
J&K Bank						
Net interest income	7,792	9,313	9,159	17.5	(1.7)	Loan growth within J&K will be healthy but we expect overall loan growth slower at ~10% yoy, NIM unchanged qoq at 3.9%.
Pre-provision profit	3,498	6,006	3,863	10.5	(35.7)	
Fee income	418	486	452	8.0	(6.9)	
Treasury income (net)	(345)	2,279	100	NM	(95.6)	We expect fresh impairment ratios to decline sharply as IL&FS exposure has been fully reported. Movement of the restructured loan (5% of loans) would be the key monitorable along with any lumpy slippages due to change in management in the current quarter.
Loan-loss provisions	2,348	4,058	2,840	21.0	(30.0)	
Adjusted PAT	526	2,148	641	21.8	(70.2)	
EPS (Rs/share)	0.9	3.9	1.2	21.8	(70.2)	
Karur Vysya Bank						
Net interest income	5,836	6,192	6,157	5.5	(0.6)	We expect earnings growth of ~20% yoy (low base) led by flat provisions but revenue growth to remain muted. Loan growth will remain sluggish at 4% yoy.
Pre-provision profit	4,596	4,648	4,691	2.1	0.9	
Fee income	1,867	2,239	2,035	9.0	(9.1)	
Treasury income (net)	(370)	150	264	NM	75.8	We expect slippages to be higher at ~4% of loans as it is mostly coming from the SME exposure, which was guided by the bank in 3QFY19. Guidance on slippage for the rest of FY2020 would be a key monitorable.
Loan-loss provisions	3,850	2,790	3,767	(2.2)	35.0	
Adjusted PAT	459	600	554	20.7	(7.7)	
EPS (Rs/share)	3.8	4.9	4.5	20.7	(7.7)	

Source: Companies, Kotak Institutional Equities estimates

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

				Change (%)		
	Jun-18	Mar-19	Jun-19E	yoy	qoq	Comments
LIC Housing Finance						
Net interest income	10,085	12,225	12,048	19.5	(1.5)	We expect loan growth to moderate to 3% qoq (19% yoy) from 7% qoq in 4QFY19 due to slowdown in non-housing segments.
Pre-provision profit	9,500	10,915	11,113	17.0	1.8	
Loan-loss provisions	1,610	1,052	1,250	(22.3)	18.8	
Adjusted PAT	5,686	6,936	6,904	21.4	(0.5)	NIMs will likely moderate 10 bps qoq to 2.5% reflecting pressure on yields in its retail business.
EPS (Rs/share)	11.3	13.7	13.7	21.4	(0.5)	
Mahindra & Mahindra Financial						
Net interest income	10,771	13,109	13,447	24.8	2.6	Weakness in vehicle sales will lead to muted loan growth (3% qoq, down from 6% qoq in FY2019).
Pre-provision profit	7,060	7,803	8,022	13.6	2.8	
Loan-loss provisions	2,938	(1,144)	3,500	19.1	NM	
Adjusted PAT	2,691	5,879	2,984	10.9	(49.2)	Qoq rise in NPLs will likely lead to 15 bps qoq compression in NIM to 7.9% even as falling bond yields and increase in lending rates will support incremental spreads.
EPS (Rs/share)	4.8	10.4	5.3	10.9	(49.2)	
Magma Fincorp						
Net interest income	3,211	3,249	3,328	3.6	2.4	We expect loan growth to remain muted at 9% yoy reflecting slowdown in vehicle sales.
Pre-provision profit	1,733	1,679	1,758	1.5	4.7	
Loan-loss provisions	846	413	700	(17.2)	69.6	Rise in borrowing cost since 3QFY19 coupled with declining rates on CV loans will put pressure on NIM.
Adjusted PAT	681	853	719	5.6	(15.7)	
EPS (Rs/share)	2.9	3.6	3.0	5.6	(15.7)	
Muthoot Finance						
Net interest income	11,092	12,209	13,089	18.0	7.2	We expect Muthoot Finance to report strong (19% yoy and 8% qoq) growth in loan book on the back of 4% rise in gold prices.
Pre-provision profit	7,576	8,146	9,109	20.2	11.8	
Loan-loss provisions	26	204	50	92.3	(75.5)	
Adjusted PAT	4,916	5,115	5,798	17.9	13.3	NIM will likely remain stable qoq at 14.7%; GNPLs/provisions will likely remain low supported by rising gold prices.
EPS (Rs/share)	12.3	12.8	14.5	17.9	13.3	
PNB Housing Finance						
Net interest income	4,241	4,654	4,901	15.6	5.3	We expect PNBHF to deliver 27% yoy and 3% qoq AUM growth (6% qoq growth in 4QFY19) due to slowdown in the wholesale segment.
Pre-provision profit	3,035	3,502	3,726	22.8	6.4	
Loan-loss provisions	440	101	600	36.3	493.5	
Tax	1,195	1,653	1,521	27.3	(8.0)	Increase in benchmark lending rates will support calculated NIM at 2.6% (2.57% in 4QFY19 and 2.8% in 1QFY19).
Adjusted PAT	1,401	1,748	1,605	14.6	(8.1)	
EPS (Rs/share)	11.0	10.5	12.6	14.6	20.1	
Punjab National Bank						
Net interest income	46,919	42,003	43,734	(6.8)	4.1	We expect losses to be lower on the back of lower provisions. Decline in gross and net NPLs will continue (LLP at ~4%, annualized) but there is no major account for either upgradation or slippage this quarter.
Pre-provision profit	41,947	28,612	31,066	(25.9)	8.6	
Fee income	10,570	9,525	10,001	(5.4)	5.0	
Treasury income (net)	(4,860)	1,050	3,612	NM	244.0	
Loan-loss provisions	49,580	91,536	45,768	(7.7)	(50.0)	We expect strong contribution from treasury income given the decline in yields. Revenues not comparable yoy due to high one-off recovery from one large steel account in the base quarter. We expect loan growth at 8% and ~5 bps NIM expansion qoq.
Adjusted PAT	(9,400)	(47,496)	(12,024)	27.9	(74.7)	
EPS (Rs/share)	(3.4)	(10.3)	(2.6)	(23.3)	(74.7)	
RBL Bank						
Net interest income	5,527	7,387	7,534	36.3	2.0	We expect solid NII growth (~35% yoy) on the back of healthy loan growth (35% yoy), driven by robust traction cards and MFI business.
Pre-provision profit	4,323	5,600	5,550	28.4	(0.9)	
Treasury income (net)	370	205	275	(25.6)	34.4	
Loan-loss provisions	1,010	1,570	1,413	39.9	(10.0)	We expect high operating expense growth (~35% yoy) due to the cards business. We expect stable trends on asset quality although we would look at the commentary on their corporate exposure.
Adjusted PAT	1,900	2,472	2,502	31.7	1.2	
EPS (Rs/share)	5.1	6.6	6.7	31.7	1.2	
Shriram City Union Finance						
Net interest income	9,377	9,380	9,693	3.4	3.3	We expect SCUF to deliver 7% yoy loan growth (7% in 4QFY19) as the overall business environment remains weak.
Loan-loss provisions	2,154	1,830	1,850	(14.1)	1.1	
Adjusted PAT	2,296	2,513	2,641	15.0	5.1	NIM will likely compress 15 bps qoq to reflect higher funding costs in 2HFY19.
EPS (Rs/share)	34.8	38.1	40.1	15.0	5.1	
Shriram Transport						
Net interest income	18,271	19,132	18,995	4.0	(0.7)	We expect STFC's loan growth to remain muted (6% yoy and 2% qoq, 1% qoq in 4QFY19) on the back of weak CV volumes.
Pre-provision profit	14,057	15,120	15,175	8.0	0.4	
Loan-loss provisions	5,227	5,398	5,350	2.4	(0.9)	
Adjusted PAT	5,729	7,460	6,583	14.9	(11.8)	Rise in borrowing costs in 2HFY19 will lead to 15 bps qoq NIM compression to 7.2%.
EPS (Rs/share)	25.2	32.9	29.0	14.9	(11.8)	
State Bank of India						
Net interest income	217,984	229,538	225,207	3.3	(1.9)	We expect loan growth at ~12% yoy and NIM unchanged qoq at ~2.9%. Non-interest income growth will be higher due to higher treasury income and income from written-off loans.
Pre-provision profit	119,731	169,331	151,738	26.7	(10.4)	
Fee income	49,760	85,890	53,243	7.0	(38.0)	
Treasury income (net)	(83,620)	21,490	13,750	NM	(36.0)	We expect slippages at 1.6% of loans as recognition of large accounts is complete while gross NPLs could decline led by higher write-offs. Provisions would be high due to ageing of NPLs. RoE recovery would be a key monitorable.
Loan-loss provisions	130,380	173,360	112,684	(13.6)	(35.0)	
Adjusted PAT	(48,759)	8,384	25,357	NM	202.4	
EPS (Rs/share)	(5.5)	0.9	2.8	NM	202.4	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
Ujjivan Financial Services						
Net interest income	2,224	2,863	3,249	46.1	13.5	We expect Ujjivan to report strong PAT growth on the back of strong AUM growth (~45% yoy) driven by solid performance in MFI, housing space and SME financing.
Loan-loss provisions	151	124	144	(4.9)	15.8	
Adjusted PAT	451	638	662	46.8	3.7	We expect cost ratios to be high (~75%) as transition to a bank continues. Commentary on the path of listing of the bank as well as outlook on MFI loans would be key monitorable.
EPS (Rs/share)	3.8	5.3	5.5	46.8	3.7	
Union Bank						
Net interest income	26,261	26,015	26,686	1.6	2.6	We expect NII growth at 1% yoy driven by ~1% yoy loan growth. We expect NIM to be flat qoq at 2.3%.
Pre-provision profit	20,617	17,562	18,015	(12.6)	2.6	
Fee income	7,070	8,670	6,363	(10.0)	(26.6)	
Treasury income (net)	1,669	2,140	2,547	52.6	19.0	
Loan-loss provisions	17,780	56,820	28,410	59.8	(50.0)	We expect slippages to fall to ~2.5% of loans but provisions to remain high (ageing of NPLs). GNPL and net NPL would decline qoq.
Adjusted PAT	1,295	(33,692)	(8,212)	(734.0)	(75.6)	
EPS (Rs/share)	1.1	(19.1)	(4.7)	(520.2)	(75.6)	
YES Bank						
Net interest income	22,191	25,059	22,650	2.1	(9.6)	We expect loan growth to decelerate further to ~8% yoy and -4% qoq. Revenue pressure will remain high due to weak fee income growth (sharp decline) and NIM pressure (higher funding costs).
Pre-provision profit	24,547	13,234	13,609	(44.6)	2.8	
Fee income	15,241	5,267	6,743	(55.8)	28.0	
Treasury income (net)	1,700	50	813	(52.2)	1,525.0	Asset quality ratios could further deteriorate (lumpy corporate exposure). Commentary from the new MD & CEO would be crucial as there have been a few more 'stress accounts', where the bank has had exposure. The progress of "below investment grade", deposit profile and capital consumption would be a key monitorable.
Loan-loss provisions	3,799	33,700	21,905	476.6	(35.0)	
Adjusted PAT	12,604	(15,066)	(5,786)	(145.9)	(61.6)	
EPS (Rs/share)	5.5	(6.5)	(2.5)	(145.9)	(61.6)	
Building products						
Astral Poly Technik						
Net sales	4,770	7,747	6,107	28.0	(21.2)	We expect EBITDA margins to improve by ~100 bps qoq to 16.4% on account of higher margins in pipes business.
EBITDA	779	1,190	1,005	28.9	(15.5)	
EBIT	619	966	780	26.1	(19.3)	
PBT	618	931	745	20.5	(20.0)	
Reported PAT	384	653	505	31.5	(22.8)	Yoy numbers are not comparable due to accounting of contribution from Rex Polyextrusion, which was acquired in July 2018.
Extraordinaries	(77.5)	13.7	20.0	NM	46.0	
Adjusted PAT	384	653	505	31.5	(22.8)	
EPS (Rs/share)	3.2	5.5	4.2	31.5	(22.8)	
EBITDA margin (%)	16.3	15.4	16.4	11 bps	109 bps	
Capital Goods						
ABB						
Net sales	27,127	18,503	18,497	(31.8)	(0.0)	We expect ~12% yoy growth on like-for-like basis in 2QCY19 led by 12-13% yoy growth across all the segments of the continuing business, on the back of robust order book as well as short-cycle nature of these segments. As most of the industry capex is through brownfield route for efficiency improvement, national elections are unlikely to have affected such growth materially in 2QCY19.
EBITDA	1,959	1,455	1,482	(24.4)	1.8	
EBIT	1,603	1,222	1,227	(23.5)	0.4	
PBT	1,607	1,387	1,340	(16.6)	(3.3)	
Reported PAT	1,021	1,162	1,256	22.9	8.1	
Extraordinaries	—	272	384	—	41.3	We expect a modest 50 bps qoq improvement in Robotics & Motion and Industrial Automation segments as the INR appreciation versus USD would have helped control cost of imported components. We model overall EBIT margin to be flat qoq after unallocated expenses.
Adjusted PAT	1,021	1,162	1,256	22.9	8.1	
EPS (Rs/share)	4.8	5.5	5.9	22.9	8.1	
EBITDA margin (%)	7.2	7.9	8.0	78 bps	14 bps	
Ashoka Buildcon						
Net sales	6,837	9,972	7,724	13.0	(22.5)	In line with the management guidance, we model Rs44 bn of standalone revenues in FY2020E. We build a modest 13% yoy revenue growth for 1QFY20 and expect the growth to accelerate through the year once the company receives appointed date for the remaining HAM projects.
EBITDA	813	1,258	972	19.6	(22.7)	
EBIT	677	1,071	716	5.7	(33.2)	
PBT	871	1,190	778	(10.8)	(34.6)	
Reported PAT	639	703	529	(17.2)	(24.8)	
Extraordinaries	—	—	—	—	—	We model 1QFY20 standalone EBITDA margin of 12.6%, similar to the full year assumption, implying a decline of 90 bps yoy for FY2020E. The decline is driven by higher share of HAM projects and T&D projects in the revenue mix.
Adjusted PAT	639	703	529	(17.2)	(24.8)	
EPS (Rs/share)	2.3	2.5	1.9	(17.2)	(24.8)	
EBITDA margin (%)	11.9	12.6	12.6	69 bps	-4 bps	
Bharat Electronics						
Net sales	21,021	38,846	23,859	13.5	(38.6)	We expect a strong 14% revenue growth in 1QFY20 driven by strong opening order book of ~Rs520 bn and a historically observed execution pattern of 17% share of annual revenues typically reported in 1Q.
EBITDA	3,105	9,290	4,098	32.0	(55.9)	
EBIT	2,416	8,358	3,106	28.5	(62.8)	
PBT	2,502	9,526	3,259	30.3	(65.8)	
Tax	705	2,840	968	37.3	(65.9)	We model EBITDA margin of 17% in 1QFY20, much lower than 24% reported in FY2019 which was driven by better product mix and delivery of indigenous products such as VVPAT. Such mix advantage will be absent in FY2020. Also the start of execution of projects like LRSAM will lead to margin impact due to higher import content in the initial stages of execution.
Reported PAT	1,797	6,686	2,291	27.5	(65.7)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,797	6,686	2,291	27.5	(65.7)	
EPS (Rs/share)	0.7	2.7	0.9	27.5	(65.7)	
EBITDA margin (%)	14.8	23.9	17.2	240 bps	-674 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
BHEL						
Net sales	59,355	102,972	63,592	7.1	(38.2)	We expect overall 6% revenue growth in 1QFY20 led by ~5% growth in Power segment and a stronger 11% growth in Industry segment. Despite a strong order book in Power segment, we are cautious on execution pace in FY2020 given flattish topline guidance and likely delays in starting new projects due to recently concluded elections. Industry sector orders may have, however, been executed at a normalized pace as these are short cycle and mostly product-supply orders with less dependence on government clearances for execution.
EBITDA	2,872	13,952	2,862	(0.4)	(79.5)	
EBIT	1,111	12,610	1,637	47.3	(87.0)	
PBT	2,259	12,854	2,533	12.2	(80.3)	
Reported PAT	1,556	6,827	1,649	6.0	(75.8)	
Extraordinaries	—	—	—	—	—	Margin remains a function of execution stage. We expect ~30 bps yoy decline in EBITDA margin due to higher employee cost as well as likely uptick in RM cost as import content, if any, is higher in early stages of a project's execution cycle and we note large projects such as Rs35 bn Sagardighi project in West Bengal won in Dec-2018 that may contribute to such impact as its execution starts.
Adjusted PAT	1,556	6,827	1,649	6.0	(75.8)	
EPS (Rs/share)	0.4	2.0	0.5	6.0	(75.8)	
EBITDA margin (%)	4.8	13.5	4.5	-34 bps	-905 bps	
Carborundum Universal						
Net sales	6,343	7,021	6,999	10.3	(0.3)	We expect a weak start to the year in abrasives (+8% yoy), as industrial activity (IIP up 3.5% in April) and weakness in automobile sector point at persistent weakness in manufacturing activity. Ceramics and EMD segments will likely grow at double digit given their B2B, annual-contract nature of business, closer to ~12% growth that the management has guided for FY2020 in their bear-case, Rs30 bn topline, scenario. Overall consolidated sales growth is thus expected to be ~10% in 1QFY20, lower than our 13% estimate for FY2020.
EBITDA	1,075	1,193	1,104	2.8	(7.4)	
EBIT	795	934	808	1.6	(13.5)	
PBT	881	922	880	(0.1)	(4.5)	
Reported PAT	629	619	616	(2.0)	(0.5)	We model qoq flat EBIT margin in abrasives as the volumes are unlikely to have picked up materially to support any price hikes. In ceramics, hit by input cost increase in 4QFY19, we model ~100 bps qoq margin improvement assuming some B2B contracts may have seen price reset in this period. For EMD, we model yoy flat margins as the segment has been running at full capacity and 1QFY19 margins indicate normal operations before the Kerala floods led to closure of hydel power plant and subsequent margin decline. The hydel power plant has now been operationalized again.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	629	619	616	(2.0)	(0.5)	
EPS (Rs/share)	3.4	3.3	3.3	(2.0)	(0.5)	
EBITDA margin (%)	16.9	17.0	15.8	-116 bps	-121 bps	
Cochin Shipyard						
Net sales	6,587	7,876	7,848	19.1	(0.4)	Based on opening shipbuilding order book of Rs82 bn, we expect revenues of over Rs62 bn in 1QFY20 versus Rs55 bn and Rs66 bn reported in 3QFY19 and 4QFY19, respectively. Ship repair is expected to see a yoy dip due to completion of INS Vikramaditya re-fit order. Overall, we expect a strong 19% revenue growth in 1QFY20.
EBITDA	1,152	1,100	1,482	28.6	34.8	
EBIT	1,068	1,012	1,373	28.5	35.6	
PBT	1,612	1,609	1,762	9.3	9.5	
Reported PAT	1,063	975	1,147	7.9	17.7	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin of 19% for the quarter, in line with that reported in FY2019 and stable margin guided for FY2020. However, we note the risk of quarterly volatility in margin due to execution stage of specific projects even though final annual numbers may come out as per the guidance.
Adjusted PAT	1,063	975	1,147	7.9	17.7	
EPS (Rs/share)	8.1	7.4	8.7	7.9	17.7	
EBITDA margin (%)	17.5	14.0	18.9	139 bps	492 bps	
Cummins India						
Net sales	13,280	13,404	14,118	6.3	5.3	
EBITDA	2,147	1,718	2,172	1.2	26.4	In line with the management guidance, we model ~13% growth in domestic revenues, and flat exports on yoy basis in 1QFY20.
EBIT	1,876	1,438	2,172	15.8	51.0	
PBT	2,536	2,085	2,732	7.7	31.0	
Reported PAT	1,830	1,409	1,940	6.0	37.6	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,830	1,409	1,940	6.0	37.6	We build-in 70-80 bps yoy decline in margin as the company is struggling with pricing power as well as negative impact of operating leverage amid weak volume growth.
EPS (Rs/share)	6.6	5.1	7.0	6.0	37.6	
EBITDA margin (%)	16.2	12.8	15.4	-79 bps	256 bps	
Dilip Buildcon						
Net sales	24,363	25,710	18,967	(22.1)	(26.2)	
EBITDA	4,326	4,495	3,328	(23.1)	(26.0)	We expect a substantial 22% yoy decline in revenues on the back of limited executable order backlog and high yoy base. Segments beyond Roads and Bridges segments will form ~19% share of revenues Newly won long-term mining contracts will start reflecting in financials from 2QFY20 onwards.
EBIT	3,572	3,625	2,451	(31.4)	(32.4)	
PBT	2,453	2,388	1,109	(54.8)	(53.5)	
Reported PAT	2,549	2,199	993	(61.0)	(54.8)	
Extraordinaries	—	43	105	—	147.2	
Adjusted PAT	2,549	2,157	888	(65.2)	(58.8)	We model 17.5% EBITDA margin for the quarter, accounting for weakness in execution versus 18% assumption for the full year.
EPS (Rs/share)	18.6	15.8	6.5	(65.2)	(58.8)	
EBITDA margin (%)	17.8	17.5	17.5	-22 bps	5 bps	
IRB Infrastructure						
Net sales	15,380	19,483	19,754	28.4	1.4	
EBITDA	7,467	7,601	7,973	6.8	4.9	We expect a 43% growth in construction revenues in 1QFY20 on a low base of 1QFY19 (2-year CAGR 5%), supported by start of newly won HAM projects. In BOT, we expect 2% revenue growth based on weak sequential trends.
EBIT	6,123	6,244	6,607	7.9	5.8	
PBT	4,098	3,612	3,710	(9.4)	2.7	
Reported PAT	2,304	1,881	2,115	(8.2)	12.4	
Extraordinaries	(197)	(199)	—	—	—	We model 1QFY20 margin of 22% in construction segment (20% for the full year versus 23% yoy) and 87% in BOT segment. We highlight here that construction segment margin varies from quarter to quarter depending on execution stage and job mix. Increasing relevance of HAM projects would be key overhang on construction segment margin.
Adjusted PAT	2,501	2,080	2,115	(15.4)	1.7	
EPS (Rs/share)	7.1	5.9	6.0	(15.4)	1.7	
EBITDA margin (%)	48.5	39.0	40.4	-820 bps	134 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
Kalpataru Power Transmission						
Net sales	13,249	24,914	15,244	15.1	(38.8)	While elections may have delayed ordering activity in 1QFY20, we estimate that standalone opening order book of Rs140 bn, up 13% yoy, will suffice to report a similar ~15% yoy revenue growth in the quarter.
EBITDA	1,571	2,664	1,756	11.8	(34.1)	
EBIT	1,377	2,427	1,519	10.3	(37.4)	
PBT	1,245	2,185	1,325	6.4	(39.4)	
Reported PAT	810	1,369	862	6.3	(37.0)	Higher RM cost and employee cost on yoy basis is expected to cause ~40 bps yoy decline in EBITDA margin to 11.5%, which in turn will lead to a lower 6% yoy growth in profit in our view.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	810	1,369	862	6.3	(37.0)	
EPS (Rs/share)	5.3	8.9	5.6	6.3	(37.0)	
EBITDA margin (%)	11.9	10.7	11.5	-34 bps	82 bps	
KEC International						
Net sales	21,043	42,663	24,827	18.0	(41.8)	We expect a strong 18% yoy consolidated revenue growth in 1QFY20 on high base, driven by start of execution of large order wins in Brazil and deferment of revenues from 4QFY19.
EBITDA	2,163	4,490	2,557	18.2	(43.0)	
EBIT	1,865	4,154	2,252	20.8	(45.8)	
PBT	1,327	3,436	1,548	16.6	(55.0)	
Reported PAT	868	2,188	1,007	15.9	(54.0)	We expect a steady EBITDA margin of 10.3% in the quarter, flat yoy. Working capital will be the key variable to monitor for pending payments from Saudi Arabia and support from customer advances on the large order book.
Extraordinaries	15	(45)	—	—	—	
Adjusted PAT	853	2,233	1,007	18.0	(54.9)	
EPS (Rs/share)	3.3	8.7	3.9	18.0	(54.9)	
EBITDA margin (%)	10.3	10.5	10.3	1 bps	-23 bps	
L&T						
Net sales	282,835	449,340	311,234	10.0	(30.7)	We expect 10% growth in core EPC execution in 1QFY20 driven by (1) Infrastructure segment (11%), (2) defense engineering, and (3) heavy engineering. Power, E&A and others segments would drag down revenue growth.
EBITDA	29,133	55,991	35,057	20.3	(37.4)	
EBIT	22,684	51,244	30,080	32.6	(41.3)	
PBT	21,477	52,386	29,798	38.7	(43.1)	
Reported PAT	12,148	34,182	17,161	41.3	(49.8)	We expect core E&C business to report EBITDA margin of 9.5%, not comparable yoy due to large write-off taken in a select real-estate project in 1QFY19. 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 70 bps on a yoy basis to 7.5%. We also expect hydrocarbon segment margin to improve by a similar 80 bps to 7.8%.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	12,148	34,182	17,161	41.3	(49.8)	
EPS (Rs/share)	8.7	24.4	12.2	41.3	(49.8)	
EBITDA margin (%)	10.3	12.5	11.3	96 bps	-120 bps	
Siemens						
Net sales	30,730	35,496	34,896	13.6	(1.7)	Even though Siemens may exhaust some of the large orders won last year, base order inflow remains robust. We thus model a healthy 11% revenue growth in 2QFY19 for Siemens. The growth will be driven by energy management, Digital Factory and process industries and drives segments.
EBITDA	3,023	4,100	3,901	29.0	(4.9)	
EBIT	2,523	3,529	3,342	32.5	(5.3)	
PBT	3,211	4,335	4,076	26.9	(6.0)	
Tax	1,167	1,532	1,423	21.9	(7.1)	
Reported PAT	2,044	2,803	2,654	29.8	(5.3)	We expect EBITDA margin of 11% for the quarter, flat qoq, led by margin improvement in the Building Technologies segment. We expect normalization in margin for both mobility and process industries and drives segments.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,044	2,803	2,654	29.8	(5.3)	
EPS (Rs/share)	5.7	7.9	7.5	29.8	(5.3)	
EBITDA margin (%)	9.8	11.6	11.2	134 bps	-38 bps	
Sadbhav Engineering						
Net sales	9,114	10,217	8,084	(11.3)	(20.9)	We expect 11% yoy decline in revenues in 1QFY20 on account of limited executable starting order backlog. Our FY2020E revenue estimate of Rs37 bn is lower than the management guidance of Rs38-39 bn
EBITDA	1,070	1,268	984	(8.0)	(22.3)	
EBIT	830	1,036	744	(10.4)	(28.2)	
PBT	681	809	621	(8.8)	(23.2)	
Reported PAT	634	289	440	(30.6)	52.4	We expect sequentially flat EBITDA margin of 12% in the quarter. Key monitorable would be the extent of debt reduction on account of normalization in working capital levels.
Extraordinaries	—	8	—	—	—	
Adjusted PAT	634	281	440	(30.6)	56.5	
EPS (Rs/share)	3.7	1.6	2.6	(30.6)	56.5	
EBITDA margin (%)	11.7	12.4	12.2	43 bps	-23 bps	
Thermax						
Net sales	10,353	20,737	12,373	19.5	(40.3)	We expect ~20% yoy consolidated revenue growth in 1QFY20 driven by 22% growth in energy segment on back of continuation of good growth momentum as seen in 4QFY19. The quarter would less reflective of full year revenue growth, which we expect to be modest at 10% yoy. We expect a strong growth of 20%+ yoy in chemical segment due to ramp-up in capacity utilization quarter after quarter.
EBITDA	693	1,708	943	36.1	(44.8)	
EBIT	484	1,461	698	44.3	(52.2)	
PBT	761	1,946	1,068	40.4	(45.1)	
Tax	274	653	374	36.4	(42.7)	
Reported PAT	490	1,269	693	41.6	(45.4)	Quarterly segmental margin in Thermax have shown a lot of volatility in the past. We model segmental margins in line with reported numbers for full year FY2019, implying a yoy margin improvement across all segments. We thus arrive at 1QFY20 EBITDA margin of 8.8% versus 8.4% reported in FY2019 and 7.3% reported in 1QFY19.
Extraordinaries	—	(20)	—	—	—	
Adjusted PAT	490	1,289	693	41.6	(46.2)	
EPS (Rs/share)	4.3	11.5	6.2	41.6	(46.2)	
EBITDA margin (%)	6.7	8.2	7.6	92 bps	-62 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	qoq	Comments
Commercial & Professional Services						
SIS						
Net sales	16,114	19,549	20,486	27.1	4.8	We expect healthy 27% yoy revenue growth, aided by healthy growth in India security and FM segments as well as inorganic contribution from Uniq and Henderson.
EBITDA	745	1,148	1,184	59.0	3.2	
EBIT	612	957	1,014	65.7	6.0	
PBT	501	629	758	51.2	20.5	
Reported PAT	395	724	672	70.2	(7.1)	Normalization of margins in the India security business to 6.3% (+140 bps yoy) is the key driver of the sharp 59% growth in EBITDA.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	395	724	672	70.2	(7.1)	
EPS (Rs/share)	5.4	9.9	9.2	70.2	(7.1)	
EBITDA margin (%)	4.6	5.9	5.8	115 bps	-10 bps	
Teamlease Services						
Net sales	10,213	11,634	12,521	22.6	7.6	We expect sequential associate employee headcount addition of 5,000 (higher than 4Q on account of seasonality) and steady commissions.
EBITDA	202	257	317	57.1	23.2	
EBIT	175	232	289	65.0	24.3	
PBT	217	270	329	51.8	21.8	
Reported PAT	219	262	329	50.0	25.4	We expect contribution from Ecentric, margin improvement in specialized staffing and HR services segments to drive overall EBITDA growth of 57% yoy.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	219	262	329	50.0	25.4	
EPS (Rs/share)	13	15	19	50.0	25.4	
EBITDA margin (%)	2.0	2.2	2.5	55 bps	31 bps	
Commodity Chemicals						
Asian Paints						
Net sales	43,903	50,182	48,722	11.0	(2.9)	We model 11% yoy growth in domestic sales led by 8% volume growth and 3% price/mix-led growth.
EBITDA	8,744	8,230	8,928	2.1	8.5	
EBIT	7,839	6,929	7,598	(3.1)	9.7	
PBT	8,368	7,344	8,168	(2.4)	11.2	
Reported PAT	5,580	4,731	5,388	(3.4)	13.9	We expect 160 bps yoy decline in EBITDA margin led by 70 bps drop in GM, higher SG&A and other expenses pertaining to recently commissioned Vizag and Mysuru facilities. We expect healthy sequential improvement in EBITDA margin aided by favorable RM trends.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	5,580	4,731	5,388	(3.4)	13.9	
EPS (Rs/share)	5.8	4.9	5.6	(3.4)	13.9	
EBITDA margin (%)	19.9	16.4	18.3	-160 bps	192 bps	
Tata Chemicals						
Net sales	27,444	27,594	30,189	10.0	9.4	We expect 10% yoy growth in revenues driven by higher soda ash volumes and increase in consumer business revenues.
EBITDA	4,910	5,309	5,856	19.3	10.3	
EBIT	3,559	3,804	4,275	20.1	12.4	
PBT	3,735	3,811	4,240	13.5	11.2	
Reported PAT	2,140	3,108	2,674	25.0	(14.0)	We expect EBITDA margin to remain healthy at 19.4% led by higher realizations on soda ash in the current calendar year.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,140	3,108	2,674	25.0	(14.0)	
EPS (Rs/share)	8	12	10	24.5	(14.0)	
EBITDA margin (%)	17.9	19.2	19.4	150 bps	15 bps	
Construction Materials						
ACC						
Net sales	38,483	39,191	39,371	2.3	0.5	We factor a 2% yoy decline in volumes to 7.1 mn tons (-6% qoq). We estimate realizations to increase by 6.2% qoq to to Rs5,550/ton (+6% yoy) led by 8-16% qoq increase in cement prices in the company's key markets in South, Central and East regions. We factor a lower blended realization on account of higher non-trade sales.
EBITDA	6,677	5,309	6,824	2.2	28.5	
EBIT	5,195	3,842	5,327	2.5	38.6	
PBT	5,236	5,159	5,434	3.8	5.3	
Reported PAT	3,255	4,379	3,641	11.8	(16.9)	
Extraordinaries	(438)	995	—	—	—	
Adjusted PAT	3,693	3,384	3,641	(1.4)	7.6	We estimate EBITDA/ton to increase by 4% yoy to Rs962/ton (+36% qoq) aided by higher realizations that offset marginal increase in costs due to lower volumes during the quarter.
EPS (Rs/share)	19.6	18.0	19.4	(1.4)	7.6	
EBITDA margin (%)	17.3	13.5	17.3	-2 bps	378 bps	
Ambuja Cements						
Net sales	30,169	29,276	31,237	3.5	6.7	We expect volume decline of 1% yoy to 6.3 mn tons (-1% qoq). ACEM's key markets are in North, Central and West regions where prices increased by 10-16% qoq in 1QFY20—we estimate 8% qoq increase in realization to Rs4,950/ton (+5% yoy).
EBITDA	6,223	4,633	6,563	5.5	41.7	
EBIT	4,859	3,319	5,213	7.3	57.1	
PBT	6,578	5,546	6,447	(2.0)	16.3	
Reported PAT	4,993	4,270	4,964	(0.6)	16.3	We estimate EBITDA/ton to increase 43% qoq to Rs1,041 (+7% yoy) led by higher realization that offset the increase in costs due lower volumes and increased costs of raw materials during the quarter. The sequential increase in profitability for ACEM will be higher compared to peers due to its low presence in South markets.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	4,993	4,270	4,964	(0.6)	16.3	
EPS (Rs/share)	3.3	2.2	2.5	(23.2)	16.3	
EBITDA margin (%)	20.6	15.8	21.0	38 bps	518 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	qoq	Comments
Dalmia Bharat						
Net sales	23,680	27,983	24,682	4.2	(11.8)	We expect volumes to remain flat to negative yoy at around 4.5 mn tons (-19% qoq). We estimate realizations to increase by 9% qoq to Rs5,480/ton (+4% yoy) led by sharp increases in prices in South and East markets. Volume growth was absent on account of low demand due to unavailability of labor and general elections during the quarter.
EBITDA	5,250	6,193	5,845	11.3	(5.6)	
EBIT	2,200	2,633	2,285	3.9	(13.2)	
PBT	1,010	2,203	1,845	82.6	(16.3)	
Reported PAT	540	2,280	2,214	309.9	(2.9)	
Extraordinaries	—	327	—	—	—	We estimate EBITDA/ton to increase 17% qoq to Rs1,300/ton (+11% yoy) led by higher realizations, which offset higher other costs on account of low volumes.
Adjusted PAT	540	2,280	2,214	309.9	(2.9)	
EPS (Rs/share)	2.8	11.9	11.5	309.9	(2.9)	
EBITDA margin (%)	22.2	22.1	23.7	151 bps	155 bps	
Grasim Industries						
Net sales	47,892	53,523	50,890	6.3	(4.9)	We model volumes to increase (1) in chemicals operations by 9% yoy to 255,000 tons (-2% qoq), and (2) in VSF operations by 5% yoy to 149,000 tons (flat qoq).
EBITDA	10,542	8,986	8,474	(19.6)	(5.7)	
EBIT	8,714	7,011	6,499	(25.4)	(7.3)	
PBT	9,343	7,557	7,249	(22.4)	(4.1)	
Reported PAT	6,426	4,512	4,857	(24.4)	7.6	We expect sequential decline in operating margins due to lower VSF prices. We estimate (1) VSF EBITDA of Rs3.7 bn (-10% qoq, -37% yoy), and (2) chemicals EBITDA of Rs4.2 bn (-2% qoq, -14% yoy) due to lower realizations and higher costs.
Extraordinaries	—	(551)	—	—	—	
Adjusted PAT	6,426	5,063	4,857	(24.4)	(4.1)	
EPS (Rs/share)	9.8	7.7	7.4	(24.4)	(4.1)	
EBITDA margin (%)	22.0	16.8	16.7	-537 bps	-14 bps	
India Cements						
Net sales	13,607	15,478	15,149	11.3	(2.1)	We expect a decline of 1% yoy in volumes to 3 mn tons (-8% qoq). We estimate blended realizations to increase by 6% qoq to Rs4,980/ton (+12% yoy) due to stability in pricing during 1QFY20 post a sharp rise in 4QFY19 in South markets.
EBITDA	1,561	1,945	2,437	56.1	25.3	
EBIT	945	1,297	1,789	89.4	37.9	
PBT	267	645	1,040	289.6	61.3	
Reported PAT	210	438	744	253.9	69.7	We expect EBITDA/ton to increase by 36% qoq to Rs800/ton (+58% yoy) led by (1) higher realizations, and (2) lower fuel costs aided by decline in pet-coke prices that offset higher other costs due to lower volumes.
Extraordinaries	—	(23)	—	—	—	
Adjusted PAT	210	461	744	253.9	61.3	
EPS (Rs/share)	0.7	1.5	2.4	253.9	61.3	
EBITDA margin (%)	11.5	12.6	16.1	461 bps	351 bps	
J K Cement						
Net sales	11,314	14,919	12,382	9.4	(17.0)	We expect (1) total cement volumes to decline by 3% yoy to 2.2 mn tons (-23% qoq) on a high base (+15% growth in 4QFY18), and (2) realizations to increase by 8% qoq led by higher prices in North markets (prices increased by 16% qoq in the North and 8% in the South).
EBITDA	1,661	2,795	2,582	55.4	(7.6)	
EBIT	1,187	2,298	2,085	75.6	(9.3)	
PBT	798	2,326	1,824	128.6	(21.6)	
Reported PAT	651	1,712	1,339	105.6	(21.8)	
Extraordinaries	—	—	—	—	—	We expect EBITDA/ton to increase to Rs1,160/ton (from Rs970/ton in 4QFY19) aided by higher realizations. Cost (per ton basis) will also be marginally higher due to lack of operating leverage gains given lower 1Q volumes.
Adjusted PAT	493	1,500	1,184	140.0	(21.1)	
EPS (Rs/share)	7.1	21.4	16.9	140.0	(21.1)	
EBITDA margin (%)	14.7	18.7	20.8	616 bps	211 bps	
JK Lakshmi Cement						
Net sales	9,234	11,725	9,801	6.1	(16.4)	We expect (1) cement volumes to decline by 2% yoy to 2.3 mn tons (-24% qoq) on a high base (+28% growth in 4QFY18), and (2) realizations to increase by 9.5% qoq led by higher prices in North markets (prices increased by 16% qoq in the North).
EBITDA	939	1,312	1,460	55.6	11.3	
EBIT	493	866	1,010	104.8	16.6	
PBT	152	574	692	356.2	20.6	
Reported PAT	138	433	522	279.2	20.6	We estimate EBITDA/ton to increase by 46% qoq to Rs650/ton (+52% yoy) led by higher realizations, We expect costs to be higher on account of lower volumes due to cyclones in Orissa and higher start-up costs of stabilizing operations in the affected markets.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	138	433	522	279.2	20.6	
EPS (Rs/share)	1.2	3.7	4.4	279.2	20.6	
EBITDA margin (%)	10.2	11.2	14.9	473 bps	370 bps	
Orient Cement						
Net sales	6,399	7,508	6,878	7.5	(8.4)	We expect cement volumes to decline by 2% yoy to 1.6 mn tons (-14% qoq) on the back of lack of labor, low availability of water and general elections in the state. We estimate blended realizations to increase by 6% qoq led by price increase in the company's key markets in West, South by 8-12% qoq. We expect actual blended realizations to be lower as non-trade sales were higher during the quarter.
EBITDA	854	1,530	1,539	80.1	0.6	
EBIT	530	1,200	1,209	128.1	0.7	
PBT	269	938	947	251.5	1.0	
Reported PAT	160	620	626	290.7	1.0	
Extraordinaries	—	—	—	—	—	We expect EBITDA/ton to increase to Rs980/ton (from Rs837/ton in 4QFY19) aided by (1) higher realizations and (2) stable energy, other costs. Cost (per ton basis) will also be marginally higher due to lack of operating leverage gains given lower 1Q volumes.
Adjusted PAT	160	620	626	290.7	1.0	
EPS (Rs/share)	0.8	3.0	3.1	290.7	1.0	
EBITDA margin (%)	13.3	20.4	22.4	901 bps	199 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	qoq	Comments
Shree Cement						
Net sales	30,699	32,849	34,204	11.4	4.1	
EBITDA	5,752	8,478	10,003	73.9	18.0	We expect volumes to remain flat yoy at 6.9 mn tons (-4% qoq) on poor volumes suggested by DIPP data. We expect blended realizations to increase by 8.5% qoq to Rs4,900/ton (+11% yoy) led by 10-16% price increase in North, Central and East regions. We assume a lower rate of increase on the assumption of higher non-trade sales.
EBIT	2,697	4,273	5,587	107.2	30.8	
PBT	3,071	4,026	5,503	79.2	36.7	
Reported PAT	2,795	3,210	4,387	57.0	36.7	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,795	3,209	4,387	57.0	36.7	We estimate EBITDA/ton (blended) to increase 23% qoq to Rs1,432/ton (+74% yoy) aided by higher realization and lower fuel cost. We expect marginally higher costs with stable variable costs and higher fixed costs due to weak volumes.
EPS (Rs/share)	80.2	92.1	125.9	57.0	36.7	
EBITDA margin (%)	18.7	25.8	29.2	1050 bps	343 bps	
UltraTech Cement						
Net sales	86,550	105,003	99,126	14.5	(5.6)	
EBITDA	16,238	22,133	24,351	50.0	10.0	We expect volumes to increase by 2% yoy to 17.9 mn tons (-12% qoq) as suggested by DIPP data for the months of April and May and its underutilized capacity. We expect blended realizations to increase by 7.5% qoq to Rs5,550/ton (+12% yoy) led by 11% price increase pan India. We assume a lower rate of increase on the assumption of higher non-trade sales.
EBIT	11,378	17,140	19,358	70.1	12.9	
PBT	8,753	14,829	16,823	92.2	13.5	
Reported PAT	5,984	10,175	11,543	92.9	13.5	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	5,984	10,175	11,543	92.9	13.5	We estimate EBITDA/ton to increase by 25% qoq to Rs1,360 (+47% yoy) led by higher realization. We expect marginally higher costs with stable variable costs and higher fixed costs due to weak volumes.
EPS (Rs/share)	21.8	37.1	42.0	92.9	13.5	
EBITDA margin (%)	18.8	21.1	24.6	580 bps	348 bps	
Consumer Durables & Apparel						
Crompton Greaves Consumer						
Net sales	12,039	12,069	13,373	11.1	10.8	We expect revenues to grow by 11% yoy, led by (1) 15% yoy growth in lighting segment due to low base (revenues up 4% yoy in 1QFY19) and strong EESL order-book and (2) 10% yoy revenue growth in electrical consumer durables segment driven by strong growth in the fans segment.
EBITDA	1,673	1,671	1,918	14.7	14.8	
EBIT	1,642	1,638	1,884	14.8	15.0	
PBT	1,578	1,664	1,894	20.0	13.8	
Reported PAT	1,043	1,405	1,269	21.7	(9.7)	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to improve by 50 bps qoq (up 40 bps 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 (11.5% in 4QFY19 and 6.7% in 1QFY19) and 19.5% in ECD segment (flat yoy and qoq).
Adjusted PAT	1,043	1,405	1,269	21.7	(9.7)	
EPS (Rs/share)	1.7	2.2	2.0	21.7	(9.7)	
EBITDA margin (%)	13.9	13.8	14.3	44 bps	49 bps	
Havells India						
Net sales	25,963	27,519	29,048	11.9	5.6	We expect 12% yoy revenue growth, led by (1) 13-15% yoy growth in Lloyds business and ECD segment due to strong summer season, (2) 16% yoy growth in lighting segment primarily due to low base (revenues down 1% yoy in 1QFY19) even though demand in professional lighting segment will likely be subdued and (3) 8-9% yoy growth in cables and wires and switchgear segments; demand for cables will likely be soft due to slowdown in government ordering ahead of elections.
EBITDA	3,123	3,229	3,624	16.1	12.3	
EBIT	2,772	2,838	3,214	15.9	13.3	
PBT	3,039	3,086	3,499	15.1	13.4	
Reported PAT	2,104	2,068	2,344	11.4	13.3	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to improve by 70 bps qoq (up 40 bps yoy) due to benefit of decline in commodity prices in cables and wires segment (expect segmental contribution margin of 18%; up 100 bps and 50 bps qoq) and seasonal uptick in margins in AC business and ECD segment (due to higher share of fans).
Adjusted PAT	2,104	2,068	2,344	11.4	13.3	
EPS (Rs/share)	3.4	3.3	3.8	11.4	13.3	
EBITDA margin (%)	12.0	11.7	12.5	44 bps	74 bps	
Page Industries						
Net sales	8,153	6,079	8,962	9.9	47.4	
EBITDA	1,893	1,197	1,938	2.4	62.0	We expect 7% volume growth on the back of a weak base and some improvement in execution.
EBIT	1,820	1,117	1,853	1.8	66.0	
PBT	1,852	1,163	1,896	2.4	63.1	
Reported PAT	1,244	750	1,270	2.1	69.4	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,244	750	1,270	2.1	69.4	Higher incentives could weigh on gross margins this quarter (we bake in a 120 bps yoy decline). The typical operating leverage benefit, which Page enjoys, will be offset by subdued topline growth and GM pressure, driving a 160 bps EBITDA margin contraction.
EPS (Rs/share)	111.6	67.2	113.9	2.1	69.4	
EBITDA margin (%)	23.2	19.7	21.6	-159 bps	193 bps	
TCNS Clothing Co.						
Net sales	2,366	2,907	2,721	15.0	(6.4)	
EBITDA	292	400	337	15.6	(15.6)	We expect 15% yoy revenue growth, driven by 3-4% SSSG, store expansion and higher contribution from online sales. Low SSSG will drive yoy flattish margin performance.
EBIT	241	336	273	13.1	(19.0)	
PBT	259	350	291	12.6	(16.7)	
Reported PAT	205	327	189	(7.4)	(42.1)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	205	327	189	(7.4)	(42.1)	Normalization to full tax rate will drive yoy net profit decline. Our estimates do not factor in the impact of Ind-AS 116.
EPS (Rs/share)	3.2	5.1	3.0	(7.9)	(42.1)	
EBITDA margin (%)	12.3	13.8	12.4	6 bps	-136 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%)		Comments
				yoy	qoq	
Vardhman Textiles						
Net sales	17,000	17,634	18,700	10.0	6.0	We expect 10% yoy growth in revenues amid increased offtake and higher realizations.
EBITDA	2,922	2,635	2,649	(9.3)	0.6	
EBIT	2,303	1,963	1,979	(14.0)	0.8	
PBT	2,238	2,173	2,029	(9.3)	(6.6)	
Reported PAT	1,591	1,794	1,349	(15.2)	(24.8)	We expect EBITDA margin to moderate ~80 bps qoq led by lower yarn-cotton spreads amid rising cotton prices.
Extraordinaries	—	420	—	—	—	
Adjusted PAT	1,591	1,374	1,349	(15.2)	(1.8)	
EPS (Rs/share)	28.2	24.3	23.9	(15.2)	(1.8)	
EBITDA margin (%)	17.2	14.9	14.2	-303 bps	-78 bps	
Voltas						
Net sales	21,344	20,516	24,445	14.5	19.1	We expect revenues to grow by 15% yoy in 1QFY20 led by (1) 20% yoy growth in UCP segment due to strong demand in summer season this year and (2) 8% yoy growth in EMP segment (projects business).
EBITDA	2,295	1,331	2,628	14.5	97.4	
EBIT	2,236	1,272	2,568	14.9	101.9	
PBT	2,627	1,849	3,118	18.7	68.6	
Reported PAT	1,839	1,396	1,995	8.5	42.9	For UCP segment, we expect EBIT margin to improve by 150 bps yoy to 14% led by strong revenue growth. For EMP segment, we build in 7% EBIT margin, down 320 bps yoy due to exceptionally high margin last year due to execution of more profitable projects and benefit of rupee depreciation on overseas order execution. We build in loss of Rs225 mn from Voltas-Beko JV in our quarterly estimates.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,839	1,396	1,995	8.5	42.9	
EPS (Rs/share)	5.6	4.2	6.0	8.5	42.9	
EBITDA margin (%)	10.8	6.5	10.8	-1 bps	426 bps	
Whirlpool						
Net sales	16,511	13,552	19,153	16.0	41.3	We expect revenues to increase by 16% yoy due to strong growth in refrigerators in this quarter led by strong summer season this year. As per our checks, industry growth is also driven by volume growth as well as upgrades to high-end models (frost-free, two doors, etc.) leading to higher ASPs.
EBITDA	2,440	1,714	2,902	18.9	69.3	
EBIT	2,168	1,394	2,577	18.9	84.8	
PBT	2,507	1,614	2,857	14.0	77.0	
Reported PAT	1,638	1,041	1,914	16.9	83.9	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to improve by 40 bps yoy (+250 bps qoq) due to a better product mix and some benefit of commodity prices (particularly copper prices).
Adjusted PAT	1,638	1,041	1,914	16.9	83.9	
EPS (Rs/share)	12.9	8.2	15.1	16.9	83.9	
EBITDA margin (%)	14.8	12.6	15.2	37 bps	250 bps	
Consumer Staples						
Bajaj Consumer Care						
Net sales	2,214	2,457	2,432	9.8	(1.0)	We expect 5.5% yoy growth in volumes and 4% yoy improvement in realizations for ADHO.
EBITDA	691	777	756	9.4	(2.6)	
EBIT	676	760	739	9.2	(2.8)	
PBT	685	773	754	9.9	(2.5)	
Reported PAT	538	606	590	9.7	(2.7)	Easing of RM prices, smart RM procurement at dips and modest rupee appreciation would aid GM. We model 40 bps yoy expansion in GM. We expect cost savings on shelving of diversification initiatives and non-core portfolio in view of recent change in strategy. Expect EBITDA margin to remain broadly flat.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	538	606	590	9.7	(2.7)	
EPS (Rs/share)	3.6	4.1	4.0	9.7	(2.7)	
EBITDA margin (%)	31.2	31.6	31.1	-12 bps	-52 bps	
Britannia Industries						
Net sales	25,438	27,990	27,963	9.9	(0.1)	Our standalone operating revenue estimate (+10% yoy) bakes in (1) 6% volume growth in the biscuits segment and (2) 4% increase in realizations (price/mix).
EBITDA	3,894	4,366	4,323	11.0	(1.0)	
EBIT	3,537	3,897	3,868	9.3	(0.7)	
PBT	3,933	4,502	4,336	10.2	(3.7)	
Reported PAT	2,582	2,972	2,848	10.3	(4.2)	Optical impact of change in bread production model from 3P to 2P to continue—expect consolidated gross margin expansion of 205 bps yoy. However, a corresponding increase in other expenses should limit EBITDA margin expansion to 15 bps yoy.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,582	2,972	2,848	10.3	(4.2)	
EPS (Rs/share)	10.7	12.4	11.9	10.3	(4.2)	
EBITDA margin (%)	15.3	15.6	15.5	15 bps	-14 bps	
Colgate-Palmolive (India)						
Net sales	10,413	11,538	11,038	6.0	(4.3)	We bake in volume growth of 4% and realization increase of 2%. CLGT is continuing with heavy discounting on multi-packs in select channels.
EBITDA	2,816	3,104	3,006	6.8	(3.2)	
EBIT	2,422	2,711	2,606	7.6	(3.9)	
PBT	2,514	2,805	2,691	7.1	(4.1)	
Reported PAT	1,895	1,976	1,760	(7.1)	(10.9)	With gross margins likely to stay broadly flat, we expect EBITDA margin expansion of 20 bps yoy.
Extraordinaries	229	161	—	—	—	
Adjusted PAT	1,666	1,815	1,760	5.6	(3.1)	
EPS (Rs/share)	6.1	6.7	6.5	5.6	(3.1)	
EBITDA margin (%)	27.0	26.9	27.2	19 bps	32 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
Dabur India						
Net sales	20,807	21,282	22,471	8.0	5.6	We model around 8% yoy growth in domestic revenues, a combination of 5.5% volume growth and 2.5% realization improvement. We expect continued weakness in a few categories, especially in juices perhaps due to some shift in on-the-go consumption to dairy-based beverages. We expect hair oils and oral care categories to do well. International business revenue growth would be modest 5-6% in c/c terms partly due to continued weakness in the GCC region.
EBITDA	3,861	4,572	4,155	7.6	(9.1)	
EBIT	3,434	4,110	3,685	7.3	(10.3)	
PBT	4,022	4,647	4,324	7.5	(6.9)	
Reported PAT	3,292	3,704	3,501	6.4	(5.5)	
Extraordinaries	—	(2)	—	—	—	
Adjusted PAT	3,292	3,702	3,501	6.4	(5.4)	We expect consolidated EBITDA margin to be broadly flat despite subdued sales growth on account of benign RM environment and better mix (lower contribution of foods).
EPS (Rs/share)	1.9	2.1	2.0	6.4	(5.4)	
EBITDA margin (%)	18.6	21.5	18.5	-7 bps	-300 bps	
GlaxoSmithKline Consumer						
Net sales	11,071	12,861	11,873	7.2	(7.7)	We model 6% yoy growth in domestic revenues on a strong base led by 4% growth in volumes and 2% improvement in realization. We model 20% revenue growth in exports led by sales to a new market (Malaysia; not yet in the base).
EBITDA	2,303	3,185	2,561	11.2	(19.6)	
EBIT	2,156	3,036	2,396	11.1	(21.1)	
PBT	3,119	4,263	3,454	10.8	(19.0)	
Reported PAT	2,004	2,858	2,245	12.0	(21.4)	We estimate 76 bps yoy expansion in EBITDA margin driven by GM expansion and operating leverage benefits.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,004	2,858	2,245	12.0	(21.4)	
EPS (Rs/share)	47.7	68.0	53.4	12.0	(21.4)	
EBITDA margin (%)	20.8	24.8	21.6	76 bps	-320 bps	
Godrej Consumer Products						
Net sales	24,760	24,526	24,353	(1.6)	(0.7)	We model 4% yoy growth in domestic revenues led by (1) flat revenues in HI, (2) 3% growth in soaps segment (partly muted due to price reduction) and (3) 7% growth in hair colors. We expect International business revenues to decline 8% yoy due to divestment of UK business; adjusted for the same, we model 4% growth led by Indonesia and modest recovery in Africa and US.
EBITDA	4,442	5,779	4,477	0.8	(22.5)	
EBIT	4,020	5,353	4,037	0.4	(24.6)	
PBT	3,853	5,070	3,862	0.2	(23.8)	
Reported PAT	4,050	9,352	3,003	(25.8)	(67.9)	
Extraordinaries	1,075	5,393	—	—	—	We forecast 50 bps yoy improvement in consolidated EBITDA margin led by 70 bps expansion in standalone (domestic) EBITDA margin (on account of GM tailwinds and tight leash on costs).
Adjusted PAT	2,975	3,959	3,003	1.0	(24.1)	
EPS (Rs/share)	2.9	3.9	2.9	1.0	(24.1)	
EBITDA margin (%)	17.9	23.6	18.4	44 bps	-519 bps	
Hindustan Unilever						
Net sales	94,870	99,450	103,330	8.9	3.9	We model 9% revenue growth in domestic FMCG business, led by 6% UVG and 3% price-led growth. On a segmental basis, we bake in 11.5% yoy revenue growth for home care and 7% yoy growth for personal care.
EBITDA	22,510	23,210	25,039	11.2	7.9	
EBIT	21,240	21,870	23,689	11.5	8.3	
PBT	22,520	22,980	25,172	11.8	9.5	
Reported PAT	15,290	15,380	17,368	13.6	12.9	Not building impact of Ind-AS 116, we expect EBITDA margin to expand 50 bps yoy aided by operating cost efficiencies (including A&SP spends); expect gross margin to move up marginally (+20 bps yoy). Ind-AS 116 adoption will reflect in EBITDA uplift of Rs1 bn and a corresponding higher D&A and interest expenses; negligible impact at the PBT and PAT level. Our estimates do not bake in this impact.
Extraordinaries	(380)	(520)	—	—	—	
Adjusted PAT	15,670	15,900	17,368	10.8	9.2	
EPS (Rs/share)	7.2	7.3	8.0	10.8	9.2	
EBITDA margin (%)	23.7	23.3	24.2	50 bps	89 bps	
ITC						
Net sales	107,070	119,921	121,475	13.5	1.3	We model 5.5% yoy increase in cigarette volumes and 3% increase in realization (portfolio-level). We forecast 11% yoy growth in cigarette EBIT.
EBITDA	42,021	45,717	47,407	12.8	3.7	
EBIT	39,034	42,215	43,757	12.1	3.7	
PBT	42,999	48,834	48,190	12.1	(1.3)	
Reported PAT	28,187	34,819	31,806	12.8	(8.7)	We model 9%, 15% and 10% yoy growth in FMCG, hotels and agri-business. Expect strong margin expansion for these segments as well (except hotels where margins would be impacted as gestation costs of the new Kolkata property kick in).
Extraordinaries	—	465	—	—	—	
Adjusted PAT	28,187	34,354	31,806	12.8	(7.4)	
EPS (Rs/share)	2.3	2.8	2.6	12.7	(7.4)	
EBITDA margin (%)	39.2	38.1	39.0	-23 bps	90 bps	
Jyothy Laboratories						
Net sales	4,026	5,043	4,247	5.5	(15.8)	We expect modest 5.5% growth in revenues led by weakness in HI and personal wash categories and broad-based slowdown in other categories.
EBITDA	583	826	581	(0.3)	(29.6)	
EBIT	445	659	413	(7.2)	(37.3)	
PBT	417	709	428	2.7	(39.6)	
Reported PAT	324	670	364	12.3	(45.7)	We estimate EBITDA margin decline of 80 bps yoy partly led by yoy drop in GM on a high base.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	324	670	364	12.3	(45.7)	
EPS (Rs/share)	3.2	3.2	3.2	0.0	0.0	
EBITDA margin (%)	14.5	16.4	13.7	-80 bps	-270 bps	
Marico						
Net sales	20,268	16,090	21,783	7.5	35.4	We model 6.3% topline growth in the domestic business driven by 6% volume growth and modest realization improvement. We bake in volume growth of 5%, 4% and 7% in Parachute rigid, Saffola and VAHO, respectively.
EBITDA	3,549	2,830	4,368	23.1	54.3	
EBIT	3,325	2,540	4,130	24.2	62.6	
PBT	3,512	2,740	4,480	27.6	63.5	
Reported PAT	2,557	4,010	3,131	22.5	(21.9)	We expect 254 bps yoy expansion in EBITDA margin, led by 466 bps yoy expansion in GM aided by easing of copra prices (copra prices down 25% on yoy basis from 1QFY19 peak).
Extraordinaries	—	1,880	—	—	—	
Adjusted PAT	2,557	2,130	3,131	22.5	47.0	
EPS (Rs/share)	2.0	1.7	2.4	22.5	47.0	
EBITDA margin (%)	17.5	17.6	20.1	254 bps	246 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
Nestle India						
Net sales	26,984	30,030	30,146	11.7	0.4	
EBITDA	6,648	7,495	7,426	11.7	(0.9)	We model 12% growth in net domestic revenues, broad-based across segments. For exports, we are building an 8% growth.
EBIT	5,830	6,715	6,626	13.7	(1.3)	
PBT	6,150	7,131	7,108	15.6	(0.3)	
Reported PAT	3,950	4,633	4,546	15.1	(1.9)	
Extraordinaries	(197)	(118)	(220)	11.5	86.9	
Adjusted PAT	4,147	4,750	4,766	14.9	0.3	We model some contraction in gross margin (-35 bps yoy) due to RM pressure. However, operating leverage benefit should help maintain EBITDA margin (broadly flat yoy).
EPS (Rs/share)	41.0	48.0	47.1	15.1	(1.9)	
EBITDA margin (%)	24.6	25.0	24.6	-1 bps	-33 bps	
Tata Global Beverages						
Net sales	18,026	17,755	19,107	6.0	7.6	
EBITDA	2,488	1,743	2,529	1.7	45.1	We model 6% yoy growth in consolidated revenues led by (1) 9% revenue growth in the domestic tea business driven by 10% volume growth and (2) 3% growth in the international business.
EBIT	2,193	1,413	2,224	1.4	57.4	
PBT	2,352	1,610	2,364	0.5	46.8	
Reported PAT	1,162	229	1,584	36.3	591.5	
Extraordinaries	(182)	(84)	—	—	—	
Adjusted PAT	1,344	313	1,584	17.8	406.1	We model 100 bps decline in standalone EBITDA margin led by 90 bps decline in standalone GM.
EPS (Rs/share)	2.1	0.5	2.5	17.8	406.1	
EBITDA margin (%)	13.8	9.8	13.2	-57 bps	342 bps	
United Breweries						
Net sales	18,659	16,294	21,536	15.4	32.2	
EBITDA	4,004	1,712	4,318	7.8	152.2	We model 15% revenue growth aided by volume growth of 12% and 3% increase in net realization.
EBIT	3,367	1,073	3,668	8.9	241.7	
PBT	3,428	1,062	3,773	10.1	255.4	
Reported PAT	2,219	679	2,415	8.8	255.5	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,219	679	2,415	8.8	255.5	We expect 142 bps contraction in EBITDA margin due to gross margin contraction of 96 bps yoy and higher marketing investments.
EPS (Rs/share)	8.4	2.6	9.1	8.8	255.5	
EBITDA margin (%)	21.5	10.5	20.0	-142 bps	954 bps	
United Spirits						
Net sales	20,119	22,500	21,953	9.1	(2.4)	
EBITDA	2,283	2,836	2,488	9.0	(12.3)	We model 9% net revenue growth led by 3.1% volume growth (8% growth in P&A and 2% decline in popular), pricing and mix benefits.
EBIT	1,944	2,435	2,113	8.7	(13.2)	
PBT	1,599	1,949	1,828	14.3	(6.2)	
Reported PAT	813	1,262	1,207	48.4	(4.4)	
Extraordinaries	(238)	(65)	—	—	—	
Adjusted PAT	1,051	1,327	1,207	14.8	(9.1)	We expect GMs to contract 168 bps yoy on account of increase in ENA prices. Cost controls to keep EBITDA margin flattish yoy at 11.3%.
EPS (Rs/share)	7.2	9.1	8.3	14.8	(9.1)	
EBITDA margin (%)	11.3	12.6	11.3	-2 bps	-128 bps	
Electric Utilities						
CESC						
Net sales	21,090	20,450	22,556	6.9	10.3	
EBITDA	4,450	5,330	4,871	9.5	(8.6)	Modest growth in unit sales at 2,892 MU (2% yoy) will partially aid earnings.
EBIT	3,340	4,300	3,802	13.8	(11.6)	
PBT	2,340	3,930	2,797	19.5	(28.8)	
Reported PAT	1,820	3,090	2,182	19.9	(29.4)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,820	3,090	2,182	19.9	(29.4)	Earning performance still does not reflect tariff increase in the absence of regulatory order.
EPS (Rs/share)	13.7	23.3	16.5	19.9	(29.4)	
EBITDA margin (%)	21.1	26.1	21.6	49 bps	-447 bps	
JSW Energy						
Net sales	23,605	19,246	23,147	(1.9)	20.3	
EBITDA	7,762	4,768	8,873	14.3	86.1	Strong growth in generation for hydro assets, offset by weakness in thermal assets leading generation of 6 BU (flat yoy).
EBIT	4,863	1,896	5,970	22.8	214.9	
PBT	2,407	68	4,062	68.8	5,873.6	
Reported PAT	2,104	58	2,843	35.2	4,810.9	
Extraordinaries	124	116	—	—	—	
Adjusted PAT	1,980	(58)	2,843	43.6	NM	Prices of imported coal are now down 32% yoy at US$68/ton, though we highlight that a lagged earnings benefit will see the full impact of spot prices of imported coal.
EPS (Rs/share)	1.2	(0.0)	1.7	43.6	NM	
EBITDA margin (%)	32.9	24.8	38.3	545 bps	1355 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
NHPC						
Net sales	21,290	19,503	23,277	9.3	19.3	
EBITDA	12,904	9,832	14,407	11.6	46.5	Strong generation growth (+16% yoy) with generation of 8.2 BU will aid earnings in a seasonally strong quarter for hydro generation.
EBIT	9,179	5,717	10,282	12.0	79.8	
PBT	9,527	11,549	10,483	10.0	(9.2)	
Reported PAT	7,376	4,923	8,177	10.9	66.1	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	7,376	4,923	8,177	10.9	66.1	Earnings are not comparable on a sequential basis due to seasonally strong quarter for hydro generation as well as accounting for non-recurring accounting adjustments in 4QFY19.
EPS (Rs/share)	0.7	0.4	0.7	10.9	66.1	
EBITDA margin (%)	60.6	50.4	61.9	127 bps	1148 bps	
NTPC						
Net sales	227,036	212,224	218,806	(3.6)	3.1	
EBITDA	59,548	46,444	58,858	(1.2)	26.7	Drop in generation (3% yoy) at 67 BU despite commercialization of 1.2 GW in trailing 12 months.
EBIT	40,947	31,397	42,386	3.5	35.0	
PBT	31,712	47,763	34,117	7.6	(28.6)	
Reported PAT	25,881	43,503	27,293	5.5	(37.3)	
Extraordinaries	—	6,423	—	—	—	
Adjusted PAT	25,881	37,080	27,293	5.5	(26.4)	Improved plant availability is likely to address fixed charge under-recovery of Rs8 bn in FY2019.
EPS (Rs/share)	2.6	3.7	2.8	5.5	(26.4)	
EBITDA margin (%)	26.2	21.9	26.9	67 bps	501 bps	
Power Grid						
Net sales	83,365	97,284	94,715	13.6	(2.6)	
EBITDA	71,365	83,038	82,346	15.4	(0.8)	Revenue growth (13.6% yoy) aided by aggressive capitalization of Rs192 bn in trailing 12 months.
EBIT	46,859	57,067	55,984	19.5	(1.9)	
PBT	28,458	37,329	35,605	25.1	(4.6)	
Reported PAT	22,405	30,540	28,484	27.1	(6.7)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	22,405	30,540	28,484	27.1	(6.7)	We factor asset capitalization of Rs37 bn in 1QFY20 compared to Rs64 bn of asset capitalization in 4QFY19.
EPS (Rs/share)	4.3	5.8	5.4	27.1	(6.7)	
EBITDA margin (%)	85.6	85.4	86.9	133 bps	158 bps	
Tata Power						
Net sales	18,440	21,190	19,559	6.1	(7.7)	
EBITDA	5,720	5,968	6,761	18.2	13.3	Decline in standalone PAT should be seen in the context of lower other income on account of lower dividends from coal companies.
EBIT	4,149	4,363	5,159	24.3	18.2	
PBT	2,738	915	2,919	6.6	218.9	
Reported PAT	11,338	539	2,189	(80.7)	306.6	
Extraordinaries	8,963	(703)	—	—	—	
Adjusted PAT	2,374	1,241	2,189	(7.8)	76.4	Tariffs at Mundra will likely reduce due to implementation of six-monthly tariff review, though losses will be contained due to decline in prices of imported coal.
EPS (Rs/share)	0.9	0.5	0.8	(7.8)	76.4	
EBITDA margin (%)	31.0	28.2	34.6	354 bps	640 bps	
Fertilizers & Agricultural Chemicals						
Bayer Cropscience						
Net sales	8,318	1,288	8,734	5.0	578.1	
EBITDA	2,298	(1,218)	1,989	(13.5)	NM	We expect a modest 5% yoy growth in revenues amid a slow start to the sowing season due to delayed monsoons.
EBIT	2,211	(1,304)	1,899	(14.1)	NM	
PBT	2,299	(1,254)	1,974	(14.2)	NM	
Reported PAT	1,472	(798)	1,283	(12.9)	NM	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,472	(798)	1,283	(12.9)	NM	We assume sharp yoy decline in EBITDA margin to 22.8% led by higher operating costs due to increase in distribution expenses.
EPS (Rs/share)	42.9	(23.3)	37.4	(12.9)	NM	
EBITDA margin (%)	27.6	(94.6)	22.8	-486 bps	11733 bps	
Dhanuka Agritech						
Net sales	2,130	1,927	2,066	(3.0)	7.2	
EBITDA	159	330	289	82.4	(12.4)	We expect 3% yoy decline in revenues due to likely weaker off-take amid a slow start to the sowing season due to delayed monsoons.
EBIT	128	300	252	97.8	(15.9)	
PBT	211	361	290	37.4	(19.6)	
Reported PAT	162	268	215	32.9	(19.6)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	162	268	215	32.9	(19.6)	We expect EBITDA margin to decline by ~300 bps yoy to 14% on account of (1) higher RM costs and (2) limited ability to pass on increased price amid a weak demand environment.
EPS (Rs/share)	3.4	5.6	4.5	32.9	(19.6)	
EBITDA margin (%)	7.4	17.1	14.0	655 bps	-314 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	qoq	Comments
Godrej Agrovet						
Net sales	14,844	13,439	16,572	11.6	23.3	We expect ~12% yoy increase in revenues driven by growth across animal feeds, vegetable oil and crop protection segments.
EBITDA	1,393	772	1,440	3.4	86.6	
EBIT	1,169	514	1,164	(0.5)	126.4	
PBT	1,126	546	1,149	2.0	110.4	
Reported PAT	802	1,136	786	(2.0)	(30.8)	We expect ~300 bps qoq rise in EBIT margin to 7.4% led by strength in margins across all business segments.
Extraordinaries	—	860	—	—	—	
Adjusted PAT	802	276	787	(1.9)	185.3	
EPS (Rs/share)	4.2	1.4	4.1	(1.9)	185.3	
EBITDA margin (%)	9.4	5.7	8.7	-70 bps	294 bps	
PI Industries						
Net sales	6,056	8,048	6,662	10.0	(17.2)	We expect moderate 10% yoy growth in revenues led by a healthy growth in exports, which will be offset by slower off-take in domestic markets.
EBITDA	1,181	1,719	1,366	15.6	(20.6)	
EBIT	961	1,475	1,091	13.5	(26.1)	
PBT	1,046	1,684	1,236	18.1	(26.6)	
Reported PAT	817	1,244	914	11.9	(26.5)	We expect modest ~100 bps yoy expansion in EBITDA margin to 20.5% led by higher share of exports.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	817	1,244	914	11.9	(26.5)	
EPS (Rs/share)	6.0	9.1	6.7	11.9	(26.5)	
EBITDA margin (%)	19.5	21.4	20.5	99 bps	-86 bps	
Rallis India						
Net sales	5,731	3,397	6,161	7.5	81.4	We expect modest 7.5% yoy growth in revenues amid a slow start to the sowing season due to delayed monsoons.
EBITDA	831	190	832	0.0	337.8	
EBIT	716	85	707	(1.3)	732.4	
PBT	756	178	757	0.1	325.4	
Reported PAT	547	15	556	1.6	3,559.2	We expect EBITDA margin to moderate ~100 bps yoy to 13.5% led by higher distribution costs.
Extraordinaries	—	(122)	—	—	—	
Adjusted PAT	547	45	556	1.6	1,145.3	
EPS (Rs/share)	2.8	0.2	2.9	1.6	1,145.3	
EBITDA margin (%)	14.5	5.6	13.5	-101 bps	790 bps	
UPL						
Net sales	41,340	85,250	76,172	84.3	(10.6)	We expect healthy 11% yoy growth in revenues (ex-Arysta) amid sustained growth in Latin American markets.
EBITDA	8,470	14,100	15,996	88.9	13.4	
EBIT	6,720	9,790	10,588	57.6	8.2	
PBT	5,700	5,030	6,913	21.3	37.4	
Reported PAT	5,100	2,060	5,084	(0.3)	146.8	We expect overall EBITDA margin, including Arysta, to revert to 21% assuming sharply lower write-off on Arysta's inventories as compared to 4QFY19.
Extraordinaries	(40)	(2,990)	—	—	—	
Adjusted PAT	5,136	5,504	5,084	(1.0)	(7.6)	
EPS (Rs/share)	6.8	7.2	6.7	(1.0)	(7.6)	
EBITDA margin (%)	20.5	16.5	21.0	51 bps	446 bps	
Gas Utilities						
GAIL (India)						
Net sales	172,986	187,634	180,505	4.3	(3.8)	We expect GAIL to report sharp qoq jump in EBITDA led by (1) modest recovery in LPG and petchem production profits, (2) lower operating costs and (3) steady profits of gas transmission and marketing segments.
EBITDA	22,436	16,841	21,977	(2.0)	30.5	
EBIT	18,647	12,267	17,372	(6.8)	41.6	
PBT	19,403	20,663	18,171	(6.3)	(12.1)	
Reported PAT	12,593	11,222	11,811	(6.2)	5.2	We assume (1) modest improvement in gas transmission and marketing volumes to 110 mcm/d and 99 mcm/d, respectively and (2) 5% qoq moderation in petchem volumes to 203 ktons.
Extraordinaries	—	(3,263)	—	—	—	
Adjusted PAT	12,593	13,327	11,811	(6.2)	(11.4)	
EPS (Rs/share)	5.6	5.9	5.2	(6.2)	(11.4)	
EBITDA margin (%)	13.0	9.0	12.2	-80 bps	319 bps	
GSPL						
Net sales	3,912	4,338	5,115	30.7	17.9	We expect sharp qoq jump in GSPL's EBITDA driven by (1) higher gas transmission volumes and (2) likely decline in operating costs.
EBITDA	3,438	3,293	4,410	28.2	33.9	
EBIT	2,990	2,817	3,937	31.6	39.7	
PBT	2,466	2,392	3,556	44.2	48.7	
Reported PAT	1,445	1,533	2,280	57.8	48.7	We assume (1) 15% qoq rise in gas transmission volumes to 37.2 mcm/d and (2) steady regulated tariffs at Rs1.5/scm.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,445	1,533	2,280	57.8	48.7	
EPS (Rs/share)	2.6	2.7	4.0	57.8	48.7	
EBITDA margin (%)	87.9	75.9	86.2	-167 bps	1031 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
Indraprastha Gas						
Net sales	12,874	15,426	16,196	25.8	5.0	We expect IGL's EBITDA to increase 28% yoy led by robust 16% growth in volumes and sharp expansion in gross margins amid favorable pricing changes.
EBITDA	2,951	3,312	3,771	27.8	13.9	
EBIT	2,478	2,790	3,251	31.2	16.6	
PBT	2,735	3,303	3,571	30.6	8.1	
Reported PAT	1,930	2,413	2,500	29.5	3.6	We assume (1) overall volumes at 6.5 mcm/d versus 5.6 mcm/d in 1QFY19 and (2) unit EBITDA at Rs6.4/scm as compared to Rs5.9/scm in 4QFY19.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,930	2,413	2,500	29.5	3.6	
EPS (Rs/share)	2.8	3.4	3.6	29.5	3.6	
EBITDA margin (%)	22.9	21.5	23.3	36 bps	181 bps	
Mahanagar Gas						
Net sales	6,323	7,225	7,660	21.1	6.0	We expect 15% qoq increase in MGL's EBITDA, led by (1) 7% growth in volumes and (2) sharp expansion in gross margins amid favorable pricing changes.
EBITDA	2,239	2,140	2,464	10.1	15.2	
EBIT	1,944	1,811	2,134	9.8	17.8	
PBT	2,096	2,049	2,308	10.1	12.7	
Reported PAT	1,283	1,335	1,504	17.2	12.7	We assume (1) overall volumes at 3.1 mcm/d versus 2.9 mcm/d in 1QFY19 and (2) unit EBITDA at Rs8.8/scm as compared to Rs7.9/scm in 4QFY19.
Extraordinaries	(129)	—	—	—	—	
Adjusted PAT	1,368	1,335	1,504	9.9	12.7	
EPS (Rs/share)	13.8	13.5	15.2	9.9	12.7	
EBITDA margin (%)	35.4	29.6	32.2	-325 bps	255 bps	
Petronet LNG						
Net sales	91,692	83,832	86,902	(5.2)	3.7	We expect 14% qoq increase in EBITDA led by recovery in volumes amid favorable LNG demand environment and seasonally lower operating costs.
EBITDA	9,344	8,152	9,274	(0.8)	13.8	
EBIT	8,322	7,136	8,238	(1.0)	15.4	
PBT	9,012	7,825	8,932	(0.9)	14.1	
Reported PAT	5,870	4,402	5,806	(1.1)	31.9	We assume LNG re-gasification volumes at 217 tn BTUs as compared to 205 tn BTUs in 4QFY19 and 220 tn BTUs in 1QFY19.
Extraordinaries	—	(1,280)	—	—	—	
Adjusted PAT	5,870	5,263	5,806	(1.1)	10.3	
EPS (Rs/share)	3.9	3.5	3.9	(1.1)	10.3	
EBITDA margin (%)	10.2	9.7	10.7	48 bps	94 bps	
Health Care Services						
Apollo Hospitals						
Net sales	22,046	25,214	25,948	17.7	2.9	We expect revenue growth of 18% yoy, driven by 16% growth in healthcare business and 20% yoy growth in pharmacy business. Within healthcare, we expect existing centers to grow at 12% yoy with new centers' contribution driving incremental growth. We expect 20% growth in standalone pharmacy business driven by aggressive expansion of store network.
EBITDA	2,323	2,827	2,915	25.5	3.1	
EBIT	1,388	1,968	2,015	45.2	2.4	
Reported PAT	351	844	950	170.7	12.6	We expect consolidated EBITDA margin to remain steady qoq at 11.2% as improvement in performance at new hospitals and AHLL will be offset by losses in Proton and seasonal weakness in 1Q. We expect 17.6% margin in healthcare business, 5.5% margin in pharmacy business and Rs80 mn EBITDA loss in AHLL business.
Adjusted PAT	351	844	950	170.7	12.6	
EBITDA margin (%)	10.5	11.2	11.2	69 bps	2 bps	
Aster DM Healthcare						
Net sales	17,747	22,010	20,452	15.2	(7.1)	We expect revenues to grow by 15% yoy, driven by 12% organic growth and rest led by INR depreciation yoy.
EBITDA	1,239	3,504	1,633	31.8	(53.4)	
EBIT	502	2,725	833	66.0	(69.4)	
PBT	274	2,246	353	28.8	(84.3)	1Q is one of the weakest quarters for Aster, with this quarter accounting for only 15-16% of annual EBITDA and qoq comparison is not meaningful. We expect EBITDA to grow by 32% yoy, led by ramp-up of new hospital at Qusais and positive EBITDA contribution from Sharjah and Doha facilities. We expect EBITDA margin at 8% (+100 bps yoy).
Tax	117	44	100	(14.2)	125.7	
Reported PAT	124	2,093	183	47.3	(91.3)	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	124	2,093	183	47.3	(91.3)	
EBITDA margin (%)	7.0	15.9	8.0	100 bps	-794 bps	
Dr Lal Pathlabs						
Net sales	2,923	3,011	3,332	14.0	10.7	We expect revenues to grow at 14% yoy, primarily led by volume growth. We expect realizations to remain steady qoq and yoy.
EBITDA	750	662	833	11.0	25.8	
EBIT	662	558	728	9.9	30.4	
PBT	754	692	872	15.6	26.0	
Reported PAT	494	471	581	17.6	23.3	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to increase 300 bps qoq, though declining 70 bps yoy to 25% driven by operating leverage as revenues grow by 14% yoy.
Adjusted PAT	494	471	581	17.6	23.3	
EPS (Rs/share)	5.9	5.6	7.0	17.6	23.3	
EBITDA margin (%)	25.7	22.0	25.0	-68 bps	300 bps	

Source: Companies, Kotak Institutional Equities estimates

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

				Change (%)		
	Jun-18	Mar-19	Jun-19E	yoy	qoq	Comments
HCG						
Net sales	2,266	2,579	2,632	16.2	2.0	We expect revenue to increase by 16% yoy, led by 10% yoy growth in mature centers along with ramp-up of newly set up facilities.
EBITDA	306	322	340	11.4	5.7	
EBIT	108	94	110	2.0	17.4	
PBT	(58)	(29)	(20)	(66.0)	(33.0)	
Reported PAT	(34)	(87)	(70)	104.2	(20.1)	We expect EBITDA margin to increase 40 bps qoq to 12.9% as losses from new centers decline modestly and expect gradual improvement in Milann performance after weak FY2019.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	(34)	(87)	(70)	104.2	(20.1)	
EPS (Rs/share)	(0.4)	(1.0)	(0.8)	104.2	(20.1)	
EBITDA margin (%)	13.5	12.5	12.9	-56 bps	44 bps	
Narayana Hrudayalaya						
Net sales	6,523	7,652	7,680	17.7	0.4	We expect revenues to increase by 18% yoy, driven by (1) 12% yoy growth in mature hospitals, (2) higher contribution from new hospitals at Mumbai, Gurugram and Dharmshila and (3) Cayman revenues growing by 55% yoy on a low base.
EBITDA	474	895	870	83.5	(2.8)	
EBIT	148	536	510	243.9	(4.8)	
PBT	6	434	403	6,157.8	(7.0)	
Reported PAT	(41)	372	312	NM	(16.0)	We expect EBITDA margin to improve 400 bps yoy to 11.3%, led by (1) strong performance at Cayman versus nil EBITDA in 1QFY19, and (2) new hospitals gradually ramping up. On a sequential basis, we expect modest 40 bps decline in EBITDA margins as 1Q is relatively weaker seasonally versus 4Q. We expect losses from new centers to remain steady at Rs140-150 mn in the quarter.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	(41)	372	312	NM	(16.0)	
EPS (Rs/share)	(0.2)	1.8	1.5	NM	(16.0)	
EBITDA margin (%)	7.3	11.7	11.3	406 bps	-37 bps	
Hotels & Restaurants						
Jubilant Foodworks						
Net sales	8,551	8,652	9,587	12.1	10.8	We model 5.5% SSSG (base quarter SSSG: 25.9%). We build in 18 Domino's store additions and no store additions in DD (net).
EBITDA	1,421	1,476	1,593	12.1	7.9	
EBIT	1,055	1,076	1,168	10.7	8.5	
PBT	1,126	1,227	1,257	11.6	2.4	
Reported PAT	747	739	833	11.6	12.7	Building a normal opex inflation trajectory in combination with muted optical growth (on a tough base) and start-up costs related to Hong's Kitchen, we expect EBITDA margin to stay broadly flat. This is despite gross margin expanding 100 bps.
Extraordinaries	—	(79)	—	—	—	
Adjusted PAT	747	819	833	11.6	1.8	
EPS (Rs/share)	5.8	5.8	5.8	0.0	0.0	
EBITDA margin (%)	16.6	17.1	16.6	-1 bps	-45 bps	
Lemon Tree Hotels						
Net sales	1,279	1,505	1,572	23.0	4.4	We factor ARR of Rs4,211/day (+8% yoy) and occupancy of 74% for 1QFY20.
EBITDA	348	489	517	48.5	5.7	
EBIT	217	346	361	66.2	4.2	
PBT	40	148	148	273.2	(0.4)	
Reported PAT	23	10	93	306.1	790.6	Addition of 303 keys during 1QFY20 at Lemon Tree Premier in Andheri towards the end of the quarter will weigh on earnings profile.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	23	10	93	306.1	790.6	
EPS (Rs/share)	0.0	0.0	0.1	306.1	790.6	
EBITDA margin (%)	27.2	32.5	32.9	566 bps	39 bps	
Internet Software & Services						
Info Edge						
Net sales	2,595	2,927	3,161	21.8	8.0	We expect Naukri to report healthy revenue growth of 20% yoy driven by new client addition and realization growth. Segment margin may remain in the 54-55% band on account of higher investments in tech.
EBITDA	843	913	1,024	21.5	12.2	
EBIT	790	864	970	22.9	12.3	
PBT	1,026	1,168	1,272	24.1	8.9	
Reported PAT	630	663	891	41.4	34.3	We expect 99acres to report healthy 40% yoy revenue growth. Other segment EBITDA loss is expected to remain at 4QFY19 levels.
Extraordinaries	(160)	(174)	—	—	—	
Adjusted PAT	630	663	891	41.4	34.3	
EPS (Rs/share)	5.2	5.5	7.3	40.9	33.9	
EBITDA margin (%)	32.5	31.2	32.4	-8 bps	120 bps	
Just Dial						
Net sales	2,114	2,323	2,421	14.5	4.2	We expect yoy revenue growth to moderate to 14.5% yoy in 1QFY20 from 15.9% yoy in 4QFY19 as base effect catches up.
EBITDA	574	588	667	16.2	13.4	
EBIT	490	506	580	18.3	14.7	
PBT	573	827	880	53.7	6.4	
Reported PAT	385	626	643	66.8	2.7	We expect seasonal employee attrition to lead to sequential reduction in employee expenses driving a 220 bps qoq EBITDA margin increase.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	385	626	643	66.8	2.7	
EPS (Rs/share)	5.7	9.7	9.9	73.5	2.7	
EBITDA margin (%)	27.2	25.3	27.6	40 bps	222 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
IT Services						
HCL Technologies						
Net sales	138,780	159,899	160,145	15.4	0.2	We expect constant currency revenue growth rate of 1.55% of which 1% will be organic with the balance contribution from Strong-Bridge Envision acquisition. We forecast cross-currency headwind of 55 bps. Revenue growth will be impacted by productivity adjustment for select clients in IMS and high base of earlier quarters due to transformation revenues booked from large IMS deals. We have not baked in any revenues from proposed acquisition of select products of IBM due to delay in closure by a month from the expected date of end-May 2019. EBIT margin decline will be steep on account of delay in closure of acquisition of select IBM products. Note that the company has invested in people, infrastructure, systems and processes to integrate select IBM products' acquisition for the entire quarter even as the consummation of the acquisition has been delayed a tad.
EBIT	27,297	30,263	28,307	3.7	(6.5)	
PBT	30,258	31,789	29,717	(1.8)	(6.5)	
Reported PAT	24,031	25,576	23,252	(3.2)	(9.1)	
Extraordinaries	—	—	—	—	—	We expect the company to retain 14-16% revenue growth guidance despite delay in consummation of the acquisition by a month. We expect the company to also retain organic revenue growth guidance of 7-9% and EBIT margin guidance of 18.5-19.5%. Expect investor focus on - (1) revenue growth from digital which has shown promising signs in the last two quarters, (2) capital allocation in light of aggressive product acquisitions, (2) M&A strategy given that the company has started making a few digital acquisitions, (3) EBIT margin direction in light of the recent reset and (4) deflationary impact from renewal of legacy IMS deals.
Adjusted PAT	24,031	25,576	23,252	(3.2)	(9.1)	
EPS (Rs/share)	17.0	18.1	16.5	(3.2)	(9.1)	
EBIT margin (%)	19.7	18.9	17.7	-200 bps	-126 bps	
Hexaware Technologies						
Net sales	11,367	12,640	13,105	15.3	3.7	We expect c/c revenue growth of 4.8% sequentially and a cross-currency headwind of 15 bps. We expect organic revenue growth of 3.1%. We expect Mobiquity acquisition to contribute US$3.1mn to revenues. We expect a modest recovery in banking and financial services vertical. Growth will likely be driven by professional services and healthcare & insurance verticals. We expect EBIT margin of 13.4% a decline of 35 bps qoq on account of visa costs, marginal rupee appreciation. We do not bake in one-time transaction cost for Mobiquity acquisition.
EBIT	1,591	1,739	1,756	10.4	1.0	
PBT	1,918	1,697	1,864	(2.8)	9.8	
Reported PAT	1,536	1,386	1,485	(3.3)	7.2	
Extraordinaries	2	1	—	—	—	We expect ~US$1 mn of hedge gains for the quarter. The company had posted a hedge loss of US$1.2 mn in the previous quarter. Decline in net profit on yoy basis is due to high forex gains in 2QCY18. We expect investor focus on (1) progress on integration of Mobiquity and synergy benefits from the acquisition, (2) more clarity on impact of cancellation of a large net new deal on 4QCY19 revenues and on CY2020 revenues, (3) TCV of net new deal wins, (4) high attrition rates and (3) BFS vertical outlook.
Adjusted PAT	1,534	1,385	1,485	(3.2)	7.2	
EPS (Rs/share)	5.1	4.6	5.0	(3.2)	7.2	
EBIT margin (%)	14.0	13.8	13.4	-60 bps	-36 bps	
Infosys						
Net sales	191,280	215,390	221,385	15.7	2.8	We expect constant currency revenue growth of 3.1% and cross-currency headwind of 45 bps. We expect financial services vertical to report robust growth. Revenues include one month of revenues from the Stater acquisition. Expect EBIT margin decline of 110 bps due to-- (1) wage revision for 85% of employees that will impact margin by 100 bps, (2) higher H-1B visa applications relative to the previous year that will result in additional costs and (3) Rupee appreciation impact of 30 bps. Margin impact will be offset to some extent through higher utilization and cost control measures.
EBIT	45,370	46,180	44,909	(1.0)	(2.8)	
PBT	49,930	52,830	50,077	0.3	(5.2)	
Reported PAT	36,120	40,780	36,306	0.5	(11.0)	
Extraordinaries	—	—	—	—	—	Pricing and margin trend will be followed closely due to a belief that the company has been aggressive on deal structures and pricing to win contracts and accelerate growth. We expect investor focus on -- (1) momentum of large deals noting the strong trend of the last four quarters, (2) attrition rate that has remained high and sticky despite multiple interventions made by the management, (3) levers to defend margin, (4) talent strategy in the US in light of higher H-1B visa applications in the current year and (5) pricing outlook.
Adjusted PAT	36,120	40,780	36,306	0.5	(11.0)	
EPS (Rs/share)	8.3	9.4	8.4	1.7	(9.9)	
EBIT margin (%)	23.7	21.4	20.3	-344 bps	-116 bps	
L&T Infotech						
Net sales	21,557	24,860	24,835	15.2	(0.1)	We expect muted revenue growth and forecast c/c revenue growth of 1.1% and cross-currency headwind of 20 bps. We forecast organic revenue growth of 0.6% and contribution of 0.5% from full quarter consolidation of acquisitions done in the earlier quarter. We expect revenue decline from top client to continue and to weigh on performance. In addition June is a seasonally weak quarter for India business contributing to overall weakness.
EBIT	3,811	4,395	3,910	2.6	(11.0)	
PBT	4,847	5,041	4,943	2.0	(1.9)	
Reported PAT	3,612	3,789	3,684	2.0	(2.8)	We expect EBIT margin decline of 200 bps due to --(1) 100 bps impact from sales and marketing investments, (2) 100 bps impact from H-1B visa application cost and (3) 20 bps impact from Rupee appreciation. The impact will be partly offset by operational improvements. We forecast Fx gains of Rs651 mn, up from Rs334 mn in March 2019 quarter. 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.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	3,612	3,789	3,684	2.0	(2.8)	
EPS (Rs/share)	20.6	21.6	20.9	1.6	(3.1)	
EBIT margin (%)	17.7	17.7	15.7	-194 bps	-194 bps	
Mindtree						
Net sales	16,395	18,394	18,581	13.3	1.0	We expect muted revenue growth at 1.9% due to the twin impact of weaker revenue growth from the top client and (2) distractions resulting from L&T's bid. We expect EBIT margin decline of 200 bps from wage revision, H-1B visa costs and Rupee appreciation. We expect weak TCV of deal wins. Uncertainty on outcome of L&T bid has distracted management and could have potentially impacted client decisions.
EBIT	1,910	2,375	2,030	6.3	(14.5)	
PBT	2,161	2,665	2,239	3.6	(16.0)	
Reported PAT	1,582	1,984	1,623	2.6	(18.2)	We expect investor focus on (1) management changes following L&T's acquisition of majority stake in Mindtree (2) attrition rate and talent retention strategies, (3) growth outlook of top client, (4) margin outlook given that it will be an important focus for the primary shareholder and (5) clarity on segments of the market that L&T will focus on noting that the largest shareholder has another IT services firm in its stable.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,582	1,984	1,623	2.6	(18.2)	
EPS (Rs/share)	9.6	12.1	9.8	2.2	(18.4)	
EBITmargin (%)	11.6	12.9	10.9	-73 bps	-199 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
Mphasis						
Net sales	18,202	20,250	20,908	14.9	3.2	We expect c/c revenue growth of 3.2% sequentially and a cross-currency headwind of 20 bps. We expect core business to be the primary driver for growth and expect growth in DXC/HP business to moderate on yoy basis. We expect EBIT margin decline of 30 bps qoq due to investments in business, rupee appreciation and higher visa costs partially offset by margin tailwind from reduced hedge losses on account of better hedge rates.
EBIT	3,022	3,204	3,252	7.6	1.5	
PBT	3,429	3,477	3,532	3.0	1.6	
Reported PAT	2,584	2,663	2,632	1.9	(1.1)	
Extraordinaries	—	—	—	—	—	Impact of DXC's cost rationalization and vendor consolidation programs will be keenly watched. We expect investor focus on - (1) growth outlook for DXC/HP channel, (2) deal wins in direct channel and confidence on sustenance of growth in direct core, (3) TCV of deal wins, (4) revenue contribution from Blackstone portfolio companies and new client acquisition channel and (5) impact of hedge gain/(loss) on margins in FY2020E.
Adjusted PAT	2,584	2,663	2,632	1.9	(1.1)	
EPS (Rs/share)	13.4	14.3	14.1	5.6	(1.1)	
EBIT margin (%)	16.6	15.8	15.6	-106 bps	-27 bps	
TCS						
Net sales	342,610	380,100	385,592	12.5	1.4	We expect constant currency revenue growth rate of 3.3% and cross currency headwind of 55 bps. Revenue growth will be broad-based except for challenges in a large client in capital markets segment. EBIT margin will decline 70 bps qoq on reported basis and 130 bps on adjusted basis largely on account of wage revision and Rupee appreciation. 4QFY19 had one-time contribution to electoral bonds that impacted margin by 60 bps.
EBIT	85,780	95,370	94,015	9.6	(1.4)	
PBT	97,860	107,020	104,537	6.8	(2.3)	
Reported PAT	73,400	81,260	78,183	6.5	(3.8)	
Extraordinaries	—	—	—	—	—	Net profit growth appears modest due to completion of buyback of equity. EPS growth stands at 7.9% yoy. Expect investor focus on -- (1) demand from the financial services vertical especially the capital markets segment, (2) order bookings, (3) impact of talent crunch in the US on margins and (4) progress on localization.
Adjusted PAT	73,400	81,260	78,183	6.5	(3.8)	
EPS (Rs/share)	19.2	21.7	20.8	8.7	(3.8)	
EBIT margin (%)	25.0	25.1	24.4	-66 bps	-71 bps	
Tech Mahindra						
Net sales	82,763	88,923	86,862	5.0	(2.3)	Tech Mahindra will disappoint with revenue decline of 85 bps and cross-currency headwind of 65 bps. Revenue growth has slowed down to a trickle on yoy comparison. We forecast sequential revenue decline of 2.5% in the telecom business, pretty much along expected lines and due to seasonal weakness in Comviva. Enterprise segment will disappoint with modest 0.5% growth in c/c. Weakness in BFSI and manufacturing will contribute to weak numbers, while healthcare segment will recover a tad.
EBIT	10,761	13,683	11,157	3.7	(18.5)	
PBT	11,570	15,073	12,615	9.0	(16.3)	
Reported PAT	8,978	11,325	9,360	4.3	(17.3)	
Extraordinaries	—	—	—	—	—	We expect sequential EBIT margin decline of 250 bps contributed by -- (1) 100 bps impact from wage revision, (2) higher visa applications, (3) Rupee appreciation and (4) seasonal impact of lower Comviva revenues. We expect robust new deal signings with good spread across enterprise and telecom segments. We expect investors to focus on (1) timelines for 5G deal flow and impact of US ban on Huawei on 5G adoption, (2) health of enterprise business especially in the manufacturing vertical where the company has high exposure to the auto sector, (3) reasons for slowdown in revenue growth in the enterprise segment, and (4) M&A strategy and capital allocation.
Adjusted PAT	8,978	11,325	9,360	4.3	(17.3)	
EPS (Rs/share)	9.1	11.4	9.6	5.1	(15.6)	
EBIT margin (%)	13.0	15.4	12.8	-16 bps	-255 bps	
Wipro						
Net sales	140,548	151,926	148,778	5.9	(2.1)	We expect constant currency revenue growth of 0.4% and cross-currency headwind of 65bps. On reported basis revenue growth will be lower due to divestment of Workday business that impacted revenues by US$9 mn. Note that Wipro had guided for revenue decline of 1% to revenue growth of 1% for June 2019 quarter. EBIT margin will likely decline due to wage revision effective June 1, marginal appreciation of Rupee against USD and weak revenue performance.
EBIT	20,777	27,321	24,964	20.2	(8.6)	
PBT	26,853	32,018	29,849	11.2	(6.8)	
Reported PAT	21,205	24,833	22,985	8.4	(7.4)	
Extraordinaries	—	—	—	—	—	Net profit growth appears modest on yoy comparison despite strong EBIT growth due to high base of June 2018 quarter where the company booked non-recurring gain of Rs2.5 bn from sale of hosted data center business. We expect Wipro to guide for revenue growth of 0.5-2.5% for September 2019 quarter, an improvement from the expected performance of June 2019 quarter. We expect investor focus on (1) outlook for the key growth driver viz financial services vertical, (2) sustainability of margin noting the aggressive cost rationalization, (3) state of demand from healthcare vertical, and (4) performance of acquired entities.
Adjusted PAT	21,205	24,833	22,985	8.4	(7.4)	
EPS (Rs/share)	3.5	4.1	3.8	8.3	(7.5)	
EBIT margin (%)	14.8	18.0	16.8	199 bps	-121 bps	
Media						
DB Corp.						
Net sales	6,324	5,885	6,154	(2.7)	4.6	We forecast 5% yoy decline in print advertisement revenues due to weakness in key categories such as auto, slowdown in rural consumption and perhaps a post-elections lull in government/political ad spends. Circulation revenue would be broadly flat yoy (flat volumes as well as flat pricing).
EBITDA	1,680	1,042	1,612	(4.1)	54.8	
EBIT	1,437	798	1,362	(5.2)	70.6	
PBT	1,488	805	1,392	(6.4)	72.8	
Reported PAT	976	545	933	(4.4)	71.3	We expect modest 40 bps yoy decline in EBITDA margin aided by benefit of easing newsprint prices. Newsprint costs have declined 30-40% from peak; expect significant decline in RM costs over the next 2-3 quarters starting 1Q. A higher decline in net profit is due to the lower tax rate (non-recurring) in the base quarter.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	976	545	933	(4.4)	71.3	
EPS (Rs/share)	5.3	3.1	5.3	0.3	71.3	
EBITDA margin (%)	26.6	17.7	26.2	-38 bps	849 bps	
DishTV						
Net sales	16,556	13,988	15,150	(8.5)	8.3	We estimate 150K net subscriber additions and recovery in ARPU to Rs200 (pre-TRAI tariff order implementation levels). At this juncture, we are not expecting any tailwinds from TRAI's tariff order implementation; we are only building recovery from 4QFY19 that was impacted by interim disruption associated with the tariff order.
EBITDA	5,568	4,150	5,035	(9.6)	21.3	
EBIT	1,959	557	1,435	(26.8)	157.9	
PBT	342	(823)	85	(75.1)	NM	
Reported PAT	255	(13,613)	68	(73.3)	NM	
Extraordinaries	—	(15,625)	—	—	—	
Adjusted PAT	255	2,012	68	(73.3)	(96.6)	We expect sharp recovery in profitability and EBITDA on sequential basis but it will still be down on yoy basis.
EPS (Rs/share)	0.1	1.0	0.0	(73.3)	(96.6)	
EBITDA margin (%)	33.6	29.7	33.2	-40 bps	356 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
Jagran Prakashan						
Net sales	6,026	5,928	6,076	0.8	2.5	We expect print advertisement revenues to be flat due to broad-based weakness across categories and loss of government advertising due to election code that was not offset by political advertising. We model 8% yoy growth in radio revenues and 2% yoy decline in circulation revenues.
EBITDA	1,636	1,380	1,563	(4.4)	13.3	
EBIT	1,328	1,049	1,228	(7.6)	17.1	
PBT	1,346	1,095	1,268	(5.8)	15.8	
Reported PAT	854	665	817	(4.3)	23.0	
Extraordinaries	—	—	—	—	—	Newsprint costs have declined 30-40% from peak but the benefit will flow through starting 2QFY20. We model 2-3% growth in RM costs in 1QFY20 and 140 bps yoy decline in EBITDA margin.
Adjusted PAT	854	665	817	(4.3)	23.0	
EPS (Rs/share)	2.7	2.2	2.8	0.6	23.0	
EBITDA margin (%)	27.1	23.3	25.7	-142 bps	244 bps	
Sun TV Network						
Net sales	11,204	8,889	11,321	1.0	27.4	We forecast modest 2% yoy growth in advertisement revenues (including slot sales) given the weak ad spend environment and viewership share. We estimate 15%/15% yoy growth in domestic DTH/cable subscription revenues aided by ongoing digitization in the Tamil Nadu market. We model (1) Rs300 mn revenues from the movie production business (nil in the base quarter) pertaining to satellite/digital rights of Petta, and (2) Rs3.1 bn from IPL.
EBITDA	6,029	3,829	6,336	5.1	65.5	
EBIT	5,879	3,665	6,172	5.0	68.4	
PBT	6,267	4,336	6,769	8.0	56.1	
Reported PAT	4,091	2,831	4,467	9.2	57.8	
Extraordinaries	—	—	—	—	—	We forecast modest 5% growth in EBITDA, largely subscription-led. We model operating profit of Rs1.5 bn from IPL for the June quarter and Rs1.7 for the recently ended IPL season (Rs205 mn of operating profit was booked in the March quarter).
Adjusted PAT	4,091	2,831	4,467	9.2	57.8	
EPS (Rs/share)	10.4	7.2	11.3	9.2	57.8	
EBITDA margin (%)	53.8	43.1	56.0	214 bps	1289 bps	
Zee Entertainment Enterprises						
Net sales	17,720	20,193	19,902	12.3	(1.4)	We expect 7% yoy growth in advertisement revenues due to (1) broad-based weakness in ad spend environment in line with the slowdown in the consumption space, (2) sharp 85-90% drop in viewership (and corresponding drop in advertising) of Zee Anmol and Zee Anmol Cinema post withdrawal from the DD Freedish platform. We expect strong 25% yoy growth in domestic subscription revenue driven by benefits of implementation of TRAI's tariff order.
EBITDA	5,657	5,683	6,366	12.5	12.0	
EBIT	5,080	5,115	5,791	14.0	13.2	
PBT	5,312	4,635	6,105	14.9	31.7	
Reported PAT	3,259	2,925	4,029	23.6	37.7	
Extraordinaries	—	(218)	—	—	—	We expect EBITDA margin to be broadly flat on a yoy basis as headwinds on advertising front would be partly offset by subscription tailwinds. 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	3,472	2,832	4,029	16.1	42.3	
EPS (Rs/share)	3.6	2.9	4.2	16.1	42.3	
EBITDA margin (%)	31.9	28.1	32.0	6 bps	384 bps	
Metals & Mining						
Hindalco Industries						
Net sales	105,932	123,727	107,941	1.9	(12.8)	We estimate India EBITDA (including Utkal Alumina) at Rs12.5 bn to decline by 9% qoq (-32% yoy) led by lower LME Aluminum prices and weak Copper earnings.
EBITDA	13,253	9,024	8,311	(37.3)	(7.9)	
EBIT	9,210	4,427	3,714	(59.7)	(16.1)	
PBT	6,157	3,890	1,125	(81.7)	(71.1)	
Reported PAT	4,135	2,358	743	(82.0)	(68.5)	
Extraordinaries	—	—	—	—	—	We estimate aluminum EBITDA (including Utkal) to decline by 11% qoq to Rs9.4 bn (-38% yoy)—favorable hedges will partially offset the impact of lower aluminum prices on earnings. We expect Copper EBITDA of Rs3.1 bn (-6% yoy, 0% qoq) impacted by 15-20 days of maintenance shutdown and weak by-product credits.
Adjusted PAT	4,135	2,358	742	(82.0)	(68.5)	
EPS (Rs/share)	1.9	1.1	0.3	(82.0)	(68.5)	
EBITDA margin (%)	12.5	7.3	7.7	-482 bps	40 bps	
Hindustan Zinc						
Net sales	53,100	54,910	50,307	(5.3)	(8.4)	The company's (1) zinc production declined 4% qoq to 170,000 tons (flat yoy) and, (2) lead production declined 11% qoq to 46,000 tons (+10% yoy) due to lower mined metal volumes (230,000 tons, -6% qoq). Silver production declined 20% qoq to 159 tons (+13% yoy) led by lower lead volumes.
EBITDA	27,130	27,890	24,515	(9.6)	(12.1)	
EBIT	23,260	22,360	18,930	(18.6)	(15.3)	
PBT	26,100	27,240	22,830	(12.5)	(16.2)	
Reported PAT	19,180	20,120	17,122	(10.7)	(14.9)	
Extraordinaries	—	—	—	—	—	Lower Zinc, Lead and Silver prices to drive 10% yoy decline in EBITDA of Rs24.5 bn despite better volumes. The sequential decline in earnings is largely due to lower production volumes.
Adjusted PAT	19,180	20,120	17,122	(10.7)	(14.9)	
EPS (Rs/share)	4.5	4.8	4.1	(10.7)	(14.9)	
EBITDA margin (%)	51.1	50.8	48.7	-237 bps	-207 bps	
Jindal Steel and Power						
Net sales	96,024	100,264	94,841	(1.2)	(5.4)	We estimate JSP's steel EBITDA/ton to decline by 3% qoq to Rs9,288/ton (-28% yoy) due to (1) 3% qoq decline in steel realizations, partially offset by (2) lower raw material costs and lower fixed cost due to operational leverage. We model India steel deliveries of 1.4 mn tons (-3% qoq, +18% yoy) led by ramp-up of Angul plant.
EBITDA	21,508	17,800	15,997	(25.6)	(10.1)	
EBIT	11,109	(5,933)	5,582	(49.8)	NM	
PBT	2,637	(16,917)	(4,086)	(255.0)	(75.8)	
Reported PAT	1,808	(21,458)	(2,611)	(244.4)	(87.8)	
Extraordinaries	—	(17,339)	—	—	—	Jindal Power's generation was flat yoy at 2.7 bn units (+5% qoq) in 1QFY20. We estimate Jindal Power's EBITDA to increase by 8% qoq to Rs2.9 bn (-8% yoy) led by softer coal costs.
Adjusted PAT	1,808	(9,321)	(2,611)	(244.4)	(72.0)	
EPS (Rs/share)	2.0	(10.2)	(2.9)	(244.4)	(72.0)	
EBITDA margin (%)	22.4	17.8	16.9	-554 bps	-89 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%)		
				yoy	qoq	Comments
JSW Steel						
Net sales	205,190	223,680	201,508	(1.8)	(9.9)	We expect JSTL to report flat volume (0% yoy) with weak off-take in June offsetting growth in April-May 2019. We estimate only a 1% qoq decline in realization as weak domestic prices would be partially offset by lower export volumes and higher domestic sales in 1QFY20.
EBITDA	51,050	44,400	40,019	(21.6)	(9.9)	
EBIT	42,000	33,560	29,157	(30.6)	(13.1)	
PBT	33,710	23,630	19,685	(41.6)	(16.7)	
Reported PAT	23,660	15,230	13,037	(44.9)	(14.4)	We expect raw-material cost to remain stable sequentially as higher iron ore prices would be offset by US$5-7/ton reduction in coking coal costs. We estimate EBITDA/ton to remain flat qoq.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	23,660	15,230	13,037	(44.9)	(14.4)	
EPS (Rs/share)	9.9	6.3	5.4	(44.9)	(14.4)	
EBITDA margin (%)	24.9	19.8	19.9	-502 bps	0 bps	
National Aluminium Co.						
Net sales	29,733	27,662	24,257	(18.4)	(12.3)	Earnings decline is due to a fall in (1) alumina prices by 6% qoq to US$361/ton (-35% yoy), and (2) LME aluminum prices by 4% qoq to US$1,790/ton.
EBITDA	10,111	5,176	4,015	(60.3)	(22.4)	
EBIT	8,894	3,972	2,812	(68.4)	(29.2)	
PBT	9,509	4,943	3,783	(60.2)	(23.5)	
Reported PAT	6,871	2,336	2,459	(64.2)	5.3	We build in (1) 11% qoq decline in alumina sales to 337,000 tons (+5% yoy) aided by sales of inventories, and (2) 2% qoq decline in aluminum sales to 110,000 tons (+5% yoy).
Extraordinaries	910	(910)	—	—	—	
Adjusted PAT	6,270	2,937	2,459	(60.8)	(16.3)	
EPS (Rs/share)	3.2	1.5	1.3	(60.8)	(16.3)	
EBITDA margin (%)	34.0	18.7	16.6	-1746 bps	-216 bps	
NMDC						
Net sales	24,220	36,433	33,748	39.3	(7.4)	NMDC's iron-ore sales to increase by 28% yoy to 8.7 mn tons (-15% qoq) in 1QFY20 led by strong demand partially offset by 5-6 days disruption at Chhattisgarh due to an employee strike. We estimate blended iron-ore realizations to increase by 9% yoy, qoq at Rs3,888/ton led by price hikes during the quarter.
EBITDA	14,239	19,589	18,607	30.7	(5.0)	
EBIT	13,623	18,785	17,803	30.7	(5.2)	
PBT	14,767	20,644	19,701	33.4	(4.6)	
Reported PAT	9,753	14,664	13,145	34.8	(10.4)	
Extraordinaries	—	1,334	—	—	—	
Adjusted PAT	9,753	13,659	13,145	34.8	(3.8)	We estimate EBITDA/ton to increase to Rs2,144/ton (+2% qoq, +11% yoy) led by higher realization.
EPS (Rs/share)	3.1	4.3	4.2	34.8	(3.8)	
EBITDA margin (%)	58.8	53.8	55.1	-366 bps	136 bps	
Tata Steel						
Net sales	378,328	424,239	379,354	0.3	(10.6)	We estimate India steel realization to be flat qoq as weak domestic prices to be offset by lower exports and contract volumes. We expect volumes to grow by 1% yoy at 3 mn tons, due to capacity constraints and weak domestic demand. India EBITDA/ton to decline by 4% qoq to Rs13,216/ton (-23% yoy) with negative operating leverage and stable costs.
EBITDA	64,677	70,133	54,782	(15.3)	(21.9)	
EBIT	46,620	51,327	35,884	(23.0)	(30.1)	
PBT	33,392	36,849	21,301	(36.2)	(42.2)	
Reported PAT	19,540	28,284	12,605	(35.5)	(55.4)	
Extraordinaries	(3,436)	5,115	—	—	—	We estimate Europe EBITDA/ton to decline to US$40/ton (US$66/ton in 4QFY19) due to lower steel spreads. We estimate EBITDA at Bhushan Steel to decline 7% qoq to Rs7.3 bn due to weak steel prices and higher iron ore costs. We estimate volumes to remain stable at 1.14 mn tons, flat qoq, with EBITDA/ton at Rs6,430/ton.
Adjusted PAT	22,976	23,170	12,605	(45.1)	(45.6)	
EPS (Rs/share)	20.0	20.2	11.0	(45.1)	(45.6)	
EBITDA margin (%)	17.1	16.5	14.4	-266 bps	-210 bps	
Vedanta						
Net sales	222,060	234,680	218,236	(1.7)	(7.0)	The sequential decline in EBITDA is mainly led by lower EBITDA at HZ (Rs24.3 bn,-13% qoq) impacted by lower volumes. Aluminum division EBITDA of Rs4.3 bn is +8% qoq (-66% yoy) with lower prices more than offset by cost reduction in coal and alumina. Zinc International EBITDA of Rs4.4 bn is +13% qoq led by ramp up of Gamsberg volumes and better prices.
EBITDA	62,840	61,350	58,089	(7.6)	(5.3)	
EBIT	44,880	38,770	35,509	(20.9)	(8.4)	
PBT	33,600	32,720	29,459	(12.3)	(10.0)	
Reported PAT	15,330	26,150	15,472	0.9	(40.8)	We estimate Oil and Gas division to report EBITDA of Rs18 bn, flat qoq, with higher crude prices to offset volume decline. Steel EBITDA of Rs2.7 bn (-18% qoq) led by 4-5% qoq decline in long steel prices. We expect stable sequential earnings from Iron ore, power business whereas Copper division remains shut.
Extraordinaries	—	8,320	—	—	—	
Adjusted PAT	15,330	17,830	15,472	0.9	(13.2)	
EPS (Rs/share)	4.1	4.8	4.2	0.9	(13.2)	
EBITDA margin (%)	28.3	26.1	26.6	-169 bps	47 bps	
Oil, Gas & Consumable Fuels						
BPCL						
Net sales	716,967	744,366	736,729	2.8	(1.0)	We expect BPCL to report weak results impacted by (1) adventitious loss of Rs7.5 bn and (2) muted refining margins, which will be partially offset by higher-than-normal (+Rs0.5/liter) blended marketing margins on auto fuels.
EBITDA	38,752	60,838	17,524	(54.8)	(71.2)	
EBIT	31,361	52,459	8,802	(71.9)	(83.2)	
PBT	33,823	58,843	11,833	(65.0)	(79.9)	
Reported PAT	22,933	38,836	8,046	(64.9)	(79.3)	We assume (1) 3% qoq decline in crude throughput to 8 mn tons and (2) weak, albeit qoq higher, normalized refining margins at US$3.4/bbl (+US$0.8/bbl qoq).
Extraordinaries	—	—	—	—	—	
Adjusted PAT	22,933	38,836	8,046	(64.9)	(79.3)	
EPS (Rs/share)	11.7	19.7	4.1	(64.9)	(79.3)	
EBITDA margin (%)	5.4	8.2	2.4	-303 bps	-580 bps	
Coal India						
Net sales	225,978	267,043	233,092	3.1	(12.7)	Absence of volume growth with dispatches of 153 mn tons in 1QFY20 will likely lead to subdued earnings performance.
EBITDA	40,694	63,702	44,799	10.1	(29.7)	
EBIT	33,242	53,331	36,725	10.5	(31.1)	
PBT	60,869	88,927	65,067	6.9	(26.8)	
Reported PAT	37,843	60,268	43,595	15.2	(27.7)	Blended realizations will improve 3.6% yoy at Rs1,526/ton in 1QFY20 primarily driven by higher e-auction realizations, as the benefit of increase in notified prices of coal is already in the base realizations of 1QFY19.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	37,843	60,268	43,595	15.2	(27.7)	
EBITDA margin (%)	18.0	23.9	19.2	121 bps	-464 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
HPCL						
Net sales	676,289	679,381	646,241	(4.4)	(4.9)	We expect HPCL to report weak results impacted by (1) adventitious loss of Rs8.5 bn and (2) muted refining margins, which will be partially offset by higher-than-normal (+Rs0.5/liter) blended marketing margins on auto fuels.
EBITDA	31,907	51,662	15,733	(50.7)	(69.5)	
EBIT	24,843	43,378	7,862	(68.4)	(81.9)	
PBT	25,990	46,731	10,549	(59.4)	(77.4)	
Reported PAT	17,192	29,903	7,015	(59.2)	(76.5)	We assume (1) 10% qoq decline in crude throughput to 4 mn tons amid shutdown and (2) weak, albeit qoq higher, normalized refining margins at US$3.6/bbl (+US$1.5/bbl qoq).
Extraordinaries	—	—	—	—	—	
Adjusted PAT	17,192	29,903	7,015	(59.2)	(76.5)	
EPS (Rs/share)	11.3	19.6	4.6	(59.2)	(76.5)	
EBITDA margin (%)	4.7	7.6	2.4	-229 bps	-517 bps	
IOCL						
Net sales	1,294,750	1,262,141	1,249,846	(3.5)	(1.0)	We expect IOCL to report weak results impacted by (1) adventitious loss of Rs22 bn and (2) muted refining margins, which will be partially offset by higher-than-normal (+Rs0.5/liter) blended marketing margins on auto fuels.
EBITDA	125,758	108,759	42,285	(66.4)	(61.1)	
EBIT	107,879	88,192	23,169	(78.5)	(73.7)	
PBT	103,422	86,344	18,018	(82.6)	(79.1)	
Reported PAT	68,311	60,993	12,072	(82.3)	(80.2)	We assume (1) qoq steady crude throughput at 17.4 mn tons and (2) weak, albeit qoq higher, normalized refining margins at US$3.7/bbl (+US$2.3/bbl qoq).
Extraordinaries	—	—	—	—	—	
Adjusted PAT	68,311	60,993	12,072	(82.3)	(80.2)	
EPS (Rs/share)	7.2	6.4	1.3	(82.3)	(80.2)	
EBITDA margin (%)	9.7	8.6	3.4	-633 bps	-524 bps	
ONGC						
Net sales	272,128	263,507	288,490	6.0	9.5	We expect 18% qoq jump in ONGC's EBITDA led by (1) higher crude realization at US$69/bbl (+US$5.1/bbl qoq) and (2) increase in domestic gas price to US$4.1/mn BTU (+US$0.4/mn BTU).
EBITDA	147,321	134,069	158,552	7.6	18.3	
EBIT	97,055	65,801	104,439	7.6	58.7	
PBT	96,068	78,912	104,863	9.2	32.9	
Reported PAT	61,439	56,028	68,161	10.9	21.7	We model (1) 3% yoy decline in oil sales volumes to 5.6 mn tons and (2) 10% yoy growth in natural gas sales volumes to 5.4 bcm.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	61,439	56,028	68,161	10.9	21.7	
EPS (Rs/share)	4.8	4.4	5.3	10.9	21.7	
EBITDA margin (%)	54.1	50.9	55.0	82 bps	408 bps	
Oil India						
Net sales	33,905	30,869	34,356	1.3	11.3	We expect 40% qoq jump in EBITDA led by (1) higher net crude realization at US$67/bbl (+US$5.2/bbl qoq) and (2) increase in domestic gas price to US$4.1/mn BTU (+US$0.4/mn BTU).
EBITDA	15,276	11,157	15,595	2.1	39.8	
EBIT	10,712	6,552	11,008	2.8	68.0	
PBT	10,855	9,546	12,014	10.7	25.9	
Reported PAT	7,032	(2,085)	7,809	11.0	NM	We model (1) modest 1% qoq increase in oil sales volumes to 0.79 mn tons and (2) 12% qoq growth in gas sales volumes to 0.69 bcm.
Extraordinaries	—	(10,268)	—	—	—	
Adjusted PAT	7,032	27,568	7,809	11.0	(71.7)	
EPS (Rs/share)	5.8	22.9	6.5	11.0	(71.7)	
EBITDA margin (%)	45.1	36.1	45.4	33 bps	924 bps	
Reliance Industries						
Net sales	1,287,560	1,386,590	1,459,908	13.4	5.3	We expect RIL to report a marginal qoq increase in standalone EBITDA led by modestly higher refining margins at US$8.5/bbl (+US$0.3/bbl qoq) and increase in crude throughput and petchem volumes, which will be partly offset by moderation in overall petchem margins.
EBITDA	206,610	208,320	205,145	(0.7)	(1.5)	
EBIT	154,880	155,370	155,316	0.3	(0.0)	
PBT	137,160	132,960	135,324	(1.3)	1.8	
Reported PAT	94,590	103,620	97,800	3.4	(5.6)	We expect consolidated EBITDA to decline qoq, as higher standalone and retail EBITDA will be offset by lower Jio EBITDA (-Rs6.2 bn qoq) due to accounting of capacity cost pertaining to Jio's fiber/tower InvITs in lieu of interest and depreciation cost earlier; we have assumed these adjustments to be PBT neutral.
Extraordinaries	—	4,940	—	—	—	
Adjusted PAT	94,590	98,680	97,800	3.4	(0.9)	
EPS (Rs/share)	16.0	16.7	17	3.4	(0.9)	
EBITDA margin (%)	16.0	15.0	14.1	-200 bps	-98 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
Pharmaceuticals						
Aurobindo Pharma						
Net sales	42,503	51,925	51,990	22.3	0.1	We expect the US business to stabilize at US$325 mn (-US$7 mn qoq), reflecting stable ertapenem sales. We expect the RoW business to grow by 25% yoy, and EU business to grow by 27% yoy, reflecting full quarter revenues from Apotex acquisition. We expect ARV sales to grow 50% yoy off a low base.
EBITDA	7,792	10,454	10,488	34.6	0.3	
EBIT	6,247	8,755	8,738	39.9	(0.2)	
PBT	6,389	8,465	8,488	32.9	0.3	
Reported PAT	4,557	6,603	6,537	43.5	(1.0)	
Extraordinaries	(682)	74	—	—	—	We expect EBITDA margin to remain flat at ~20%. We expect EPS to grow 43% yoy and decline 1% qoq.
Adjusted PAT	4,557	6,603	6,537	43.5	(1.0)	
EPS (Rs/share)	7.8	11.3	11.2	43.5	(1.0)	
EBITDA margin (%)	18.3	20.1	20.2	184 bps	4 bps	
Biocon						
Net sales	11,238	15,288	15,241	35.6	(0.3)	We expect 36% yoy growth, driven by biologics (+90% yoy; +5% qoq) given the continuing benefits of 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 (~15% and ~25% respectively) and expect domestic formulations to grow 10% yoy.
EBITDA	2,378	4,030	4,104	72.6	1.8	
EBIT	1,383	2,828	2,850	106.1	0.8	
PBT	1,895	2,951	2,975	57.0	0.8	
Reported PAT	1,197	2,137	2,102	75.6	(1.7)	
Extraordinaries	—	—	—	—	—	We expect 26.9% EBITDA margin in the quarter (+60 bps qoq). We expect EPS to grow 76% yoy and decline 2% qoq.
Adjusted PAT	1,197	2,137	2,102	75.6	(1.7)	
EPS (Rs/share)	1.0	1.8	1.7	75.6	(1.7)	
EBITDA margin (%)	21.2	26.4	26.9	576 bps	56 bps	
Cipla						
Net sales	39,390	44,040	42,312	7.4	(3.9)	We expect domestic formulations growth to be muted with 7% yoy growth. We expect US sales to decline US$30 mn to US$135 mn in the quarter, given erosion in cinacalcet, as well as diclofenac gel. We expect South Africa, Global access and RoW to remain under pressure, with -15%, +5% and -2% yoy growth, due to base effect.
EBITDA	7,264	9,611	8,029	10.5	(16.5)	
EBIT	4,854	4,508	4,879	0.5	8.2	
PBT	6,204	5,014	5,154	(16.9)	2.8	
Reported PAT	4,456	3,672	3,854	(13.5)	5.0	
Extraordinaries	—	—	—	—	—	We expect EBITDA margins to contract 285 bps to19%, with R&D likely to remain at 7.7% of sales. We expect reported EPS to decline 14% yoy and grow 5% qoq.
Adjusted PAT	4,456	3,672	3,854	(13.5)	5.0	
EPS (Rs/share)	5.5	4.6	4.8	(13.5)	5.0	
EBITDA margin (%)	18.4	21.8	19.0	53 bps	-285 bps	
Dr Reddy's Laboratories						
Net sales	37,365	40,166	39,239	5.0	(2.3)	We expect the US business to grow US$10 mn qoq, given scale-up in propofol and suboxone launches, offset by continued pressure in the base business. We forecast 10% 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 20% yoy.
EBITDA	7,575	8,198	8,266	9.1	0.8	
EBIT	4,465	5,015	5,006	12.1	(0.2)	
PBT	4,924	5,694	5,506	11.8	(3.3)	
Reported PAT	4,561	4,344	6,829	49.7	57.2	We expect gross margin to bounce back to ~55% in 1QFY20. We expect EBITDA margins at 21.1%, given the qoq gross margin expansion. We expect reported EPS to jump 50% yoy, though, this is largely due to a one-time US$50 mn settlement income from Celgene for Revlimid. Excluding the licensing income, we expect EPS to decline 8% yoy. Notably, our estimates do not include the out-licensing income from the recently announced deal with Upsher Smith.
Extraordinaries	—	—	3,500	—	—	
Adjusted PAT	4,561	4,344	4,204	(7.8)	(3.2)	
EPS (Rs/share)	27.5	26.2	25.3	(7.8)	(3.2)	
EBITDA margin (%)	20.3	20.4	21.1	79 bps	65 bps	
Laurus Labs						
Net sales	5,390	6,352	5,760	6.9	(9.3)	We expect ARV APIs to remain flat on qoq basis (-18% yoy), while Hep-C will decline 13% yoy. We expect ingredients to remain flat yoy, and expect 57% yoy growth in synthesis business. We expect formulations to have only a modest contribution in the quarter (Rs150 mn), and expect US$3 mn contribution from first tender formulation sales in Africa.
EBITDA	806	1,120	928	15.2	(17.1)	
EBIT	424	685	478	12.8	(30.2)	
PBT	226	526	273	20.6	(48.1)	
Reported PAT	166	432	207	25.3	(52.0)	
Extraordinaries	—	—	—	—	—	We expect gross margin to improve to 47.2% (+100 bps qoq) helped by product mix, with partial benefits of shift in intermediate source, and expect EBITDA margin to expand 120 bps yoy to 16.1%
Adjusted PAT	166	652	428	158.4	(34.4)	
EPS (Rs/share)	1.6	6.2	4.0	158.4	(34.4)	
EBITDA margin (%)	14.9	17.6	16.1	116 bps	-153 bps	
Lupin						
Net sales	38,559	44,063	43,126	11.8	(2.1)	We expect US business to decline US$40 mn qoq, impacted by the loss of Ranexa exclusivity in May 2019, and supported by a stable base business, with minimal incremental contributions from Solosec and levothyroxine. We expect the domestic business to grow 10% yoy, South Africa, Europe and RoW to grow 8%, 7% and 20% yoy respectively, and Japan to grow 4% yoy.
EBITDA	5,270	8,723	7,027	33.3	(19.4)	
EBIT	2,680	5,915	4,077	52.1	(31.1)	
PBT	3,835	5,925	3,827	(0.2)	(35.4)	
Reported PAT	2,001	2,896	2,487	24.3	(14.1)	
Extraordinaries	—	22	—	—	—	We expect EBITDA margin to decline 350 bps qoq to ~16.3%, given the declining contribution from Ranexa exclusivity. We expect EPS to grow 24% yoy and decline 14% qoq.
Adjusted PAT	2,001	2,896	2,487	24.3	(14.1)	
EPS (Rs/share)	4.4	6.4	5.5	24.3	(14.1)	
EBITDA margin (%)	13.7	19.8	16.3	262 bps	-351 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
Sun Pharmaceuticals						
Net sales	72,242	71,639	81,933	13.4	14.4	We expect Taro revenues to decline US$5 mn qoq. We expect SUNP's ex-Taro US revenues to decline US$15 mn qoq, with minimal contribution from Ilumya given the impact of patient access program. We expect domestic business to grow 8% yoy, RoW to grow 34% yoy reflecting Polapharma consolidation, and EMs to grow 8% yoy.
EBITDA	16,067	10,168	17,982	11.9	76.8	
EBIT	12,051	5,627	13,232	9.8	135.1	
PBT	12,739	6,942	14,132	10.9	103.6	
Reported PAT	9,825	6,383	10,595	7.8	66.0	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin at 21.9%, reflecting the launch costs for Ilumya, as well as continued R&D spend (7% of sales). We expect base Taro EBITDA margin to remain stable in the quarter and expect ex-Taro EBITDA margin at ~18%. We expect EPS to grow 8% yoy, though qoq growth is not comparable.
Adjusted PAT	9,825	6,359	10,595	7.8	66.6	
EPS (Rs/share)	4.1	2.6	4.4	7.8	66.6	
EBITDA margin (%)	22.2	14.2	21.9	-30 bps	775 bps	
Torrent Pharmaceuticals						
Net sales	18,720	18,560	20,085	7.3	8.2	We expect domestic segment to grow 5% yoy, reflecting the change in revenue recognition, which will impact ~5 days of sales, adjusting for which, sales would have grown by ~9% yoy. We expect LatAm to grow 10% yoy, and expect other branded markets to grow 20% yoy. We expect Europe to grow 10% yoy, and expect US to decline US$5 mn qoq.
EBITDA	4,770	4,730	5,221	9.5	10.4	
EBIT	3,270	3,130	3,571	9.2	14.1	
PBT	2,320	2,070	2,471	6.5	19.4	
Reported PAT	1,630	(1,520)	1,853	13.7	NM	
Extraordinaries	—	—	—	—	—	We expect EBITDA margin to expand 50 bps qoq to 26%. We expect EPS to grow 14% yoy, though qoq numbers are not comparable.
Adjusted PAT	1,630	(1,520)	1,853	13.7	NM	
EPS (Rs/share)	9.6	(9.0)	11.0	13.7	NM	
EBITDA margin (%)	25.5	25.5	26.0	51 bps	50 bps	
Real Estate						
Brigade Enterprises						
Net sales	6,991	7,600	7,945	13.6	4.5	We estimate revenue recognition of Rs7.9 bn at 30% gross margin for real estate business.
EBITDA	1,795	2,154	1,969	9.7	(8.6)	
EBIT	1,479	1,729	1,557	5.3	(9.9)	
PBT	938	1,144	886	(5.6)	(22.6)	
Reported PAT	631	597	623	(1.3)	4.4	We estimate positive PBT contribution of Rs137 mn in 1QFY20 from the hospitality business on account of stabilization of hotel properties as well as incremental contribution from operationalization of a new hotel in Kochi.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	632	601	623	(1.4)	3.6	
EPS (Rs/share)	4.6	4.4	4.6	(1.5)	3.6	
EBITDA margin (%)	25.7	28.3	24.8	-91 bps	-357 bps	
DLF						
Net sales	15,074	25,004	17,923	18.9	(28.3)	DCCDL, which shifted to equity method of accounting from 3QFY18 is likely to report 8% yoy increase in revenues at Rs10.5 bn.
EBITDA	3,086	5,337	3,426	11.0	(35.8)	
EBIT	2,522	4,770	2,852	13.1	(40.2)	
PBT	(950)	1,024	580	NM	(43.4)	
Tax	(260)	378	203	NM	(46.3)	
Reported PAT	1,724	4,348	2,670	54.8	(38.6)	Sales momentum is likely to continue with estimated sales of Rs6 bn for the quarter.
Extraordinaries	—	1,273	—	—	—	
Adjusted PAT	1,851	4,083	2,670	44.3	(34.6)	
EPS (Rs/share)	1.0	1.6	1.5	44.3	(9.3)	
EBITDA margin (%)	20.5	21.3	19.1	-136 bps	-223 bps	
Embassy Office Parks REIT						
Net sales	—	5,011	5,161	—	3.0	Sequential improvement in net income is largely driven by reduction in interest cost post repayment of debt post equity issuance.
EBITDA	—	2,997	3,681	—	22.8	
EBIT	—	2,121	2,788	—	31.4	
PBT	—	603	1,945	—	222.8	
Reported PAT	—	802	1,561	—	94.5	NOI margins of 83% for 1QFY20 compared to 84% for FY2019.
Extraordinaries	—	386	—	—	—	
Adjusted PAT	—	802	1,561	—	94.5	
EBITDA margin (%)	—	59.8	71.3	—	1150 bps	
Oberoi Realty						
Net sales	8,883	5,735	6,052	(31.9)	5.5	Decline in revenues to Rs6 bn (-32% yoy) should be seen in the context of milestone related revenue recognition for several projects in 1QFY19.
EBITDA	4,617	2,097	2,350	(49.1)	12.1	
EBIT	4,511	1,987	2,239	(50.4)	12.7	
PBT	4,533	2,187	2,419	(46.6)	10.6	
Reported PAT	3,083	1,544	1,693	(45.1)	9.7	Investment properties (hotel+commercial) will yield revenues of Rs858 mn (+10% yoy) with incremental contribution on account of improved occupancy at Commerz II.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	3,094	1,558	1,704	(44.9)	9.4	
EPS (Rs/share)	9.1	4.6	5.0	(44.9)	9.4	
EBITDA margin (%)	52.0	36.6	38.8	-1315 bps	226 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	qoq	Comments
Prestige Estates Projects						
Net sales	8,613	19,793	13,155	52.7	(33.5)	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	2,562	4,879	3,297	28.7	(32.4)	
EBIT	1,980	3,861	2,266	14.4	(41.3)	
PBT	711	2,028	640	(9.9)	(68.4)	
Reported PAT	379	1,519	427	12.7	(71.9)	Debt level will continue to remain flat as collections from sold units continue to fund construction spend.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	379	1,519	427	12.7	(71.9)	
EPS (Rs/share)	0.1	0.4	0.1	12.7	(71.9)	
EBITDA margin (%)	29.7	24.7	25.1	-469 bps	41 bps	
Sobha						
Net sales	5,977	13,978	9,621	61.0	(31.2)	We estimate blended gross profit margin of 38% for 1QFY20.
EBITDA	1,306	2,435	1,752	34.2	(28.0)	
EBIT	1,157	2,276	1,589	37.3	(30.2)	
PBT	740	1,756	1,078	45.7	(38.6)	
Reported PAT	526	1,133	776	47.6	(31.5)	New launches planned in NCR will likely increase the sales momentum in 1QFY20.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	534	1,132	776	45.4	(31.4)	
EPS (Rs/share)	5.6	11.9	8.2	45.4	(31.4)	
EBITDA margin (%)	21.9	17.4	18.2	-364 bps	79 bps	
Sunteck Realty						
Net sales	2,111	2,697	2,785	32.0	3.3	We expect a sequential improvement in EBITDA margin to 37% on account of increase in realizations at Naigaon. Construction spend is likely to increase due to under-construction commercial properties at ODC and residential projects in Naigaon and Goregaon.
EBITDA	1,116	888	1,024	(8.2)	15.3	
EBIT	1,112	882	1,017	(8.5)	15.3	
PBT	1,148	900	1,019	(11.3)	13.2	
Reported PAT	681	675	613	(10.1)	(9.2)	Sales momentum gathered in the last quarter on account of Naigaon is likely to continue in 1QFY20 as well.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	589	628	613	4.0	(2.4)	
EPS (Rs/share)	4.2	4.5	4.4	4.0	(2.4)	
EBITDA margin (%)	52.9	32.9	36.8	-1609 bps	383 bps	
Retailing						
Aditya Birla Fashion and Retail						
Net sales	19,135	19,153	20,349	6.3	6.2	We expect a tepid 6% yoy revenue growth, driven by 5% yoy revenue growth in Madura and 9% yoy growth in Pantaloons. Weak demand will be an added dampener to a typically weak quarter.
EBITDA	1,138	1,245	1,119	(1.7)	(10.1)	
EBIT	415	516	413	(0.5)	(19.9)	
PBT	56	305	183	227.5	(39.9)	
Reported PAT	56	2,026	183	227.5	(91.0)	Higher fixed costs as well as higher ad-spends in the Pantaloons business to result in 45 bps yoy margin compression. Our estimates do not take into account the impact of Ind-AS 116.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	56	2,026	183	227.5	(91.0)	
EPS (Rs/share)	0.1	2.6	0.2	227.5	(91.0)	
EBITDA margin (%)	5.9	6.5	5.5	-45 bps	-101 bps	
Avenue Supermarts						
Net sales	45,594	50,334	59,100	29.6	17.4	We expect yoy revenue growth of 30% driven by steady SSSG and ramp-up of revenues from new stores opened in 4QFY19 and 1QFY20.
EBITDA	4,227	3,765	5,213	23.3	38.4	
EBIT	3,824	3,146	4,554	19.1	44.8	
PBT	3,866	3,171	4,561	18.0	43.9	
Reported PAT	2,506	2,029	2,965	18.3	46.1	We expect 45 bps yoy compression in EBITDA margins primarily on account of lower GMs. Sharp sequential profitability increase is largely on account of seasonally higher revenues and margins.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	2,506	2,029	2,965	18.3	46.1	
EPS (Rs/share)	4.0	3.3	4.8	18.3	46.1	
EBITDA margin (%)	9.3	7.5	8.8	-46 bps	133 bps	
Titan Company						
Net sales	43,189	46,721	52,015	20.4	11.3	We model (1) 22% yoy growth in jewelry segment revenues, (2) 11% yoy growth in the watches segment revenues, driven by share gains and (3) 18% growth in eyewear.
EBITDA	4,953	5,016	6,611	33.5	31.8	
EBIT	4,601	4,681	6,261	36.1	33.8	
PBT	4,870	5,110	6,591	35.3	29.0	
Reported PAT	3,492	2,946	4,680	34.0	58.9	Bulding around 100 bps gold hedging/MTM gains for the jewellery segment, we expect overall EBITDA margins to expand 124 bps yoy.
Extraordinaries	—	(772.6)	—	—	—	
Adjusted PAT	3,492	3,718	4,680	34.0	25.9	
EPS (Rs/share)	3.9	4.2	5.3	34.0	25.9	
EBITDA margin (%)	11.5	10.7	12.7	124 bps	197 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
Speciality Chemicals						
Castrol India						
Net sales	10,172	9,762	10,576	4.0	8.3	We expect Castrol to report 26% yoy jump in EBITDA driven by expansion in margins reflecting a sharp decline in RM costs amid lower base oil prices.
EBITDA	2,517	2,830	3,175	26.1	12.2	
EBIT	2,385	2,668	3,012	26.3	12.9	
PBT	2,555	2,876	3,189	24.8	10.9	
Reported PAT	1,642	1,850	2,051	24.9	10.9	We assume (1) 2.5% yoy decline in volumes to 55.6 mn liters and (2) ~530 bps yoy expansion in EBITDA margins to 30%.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,642	1,850	2,051	24.9	10.9	
EPS (Rs/share)	1.7	1.9	2.1	24.9	10.9	
EBITDA margin (%)	24.7	29.0	30.0	527 bps	102 bps	
Pidilite Industries						
Net sales	18,341	16,389	20,605	12.3	25.7	We model 7% volume growth and 12% revenue growth for the consumer bazaar (CBP) business. We expect industrial products segment to report muted 7% revenue growth.
EBITDA	3,817	2,788	4,600	20.5	65.0	
EBIT	3,516	2,398	4,245	20.7	77.0	
PBT	3,764	2,895	4,910	30.4	69.6	
Reported PAT	2,387	2,351	3,285	37.6	39.7	We expect expansion in consolidated GM (+130 bps qoq; +155 bps yoy) led by easing of prices of key raw materials (VAM and crude derivatives) and modest rupee appreciation. We model 150 bps yoy improvement in consolidated EBITDA margin to 22.3%.
Extraordinaries	—	419.2	—	—	—	
Adjusted PAT	2,387	1,932	3,285	37.6	70.0	
EPS (Rs/share)	4.7	3.8	6.5	37.6	70.0	
EBITDA margin (%)	20.8	17.0	22.3	151 bps	531 bps	
S H Kelkar and Company						
Net sales	2,364	2,689	2,553	8.0	(5.1)	We expect the company to return back to revenue growth after two consectutive yoy decline prints.
EBITDA	329	241	328	(0.4)	36.4	
EBIT	262	161	237	(9.3)	47.2	
PBT	280	220	252	(9.8)	14.6	
Reported PAT	187	196	173	(7.1)	(11.5)	Jump in staff and other expenses, off a low base, to reflect in EBITDA margin decline of 100 bps+ despite some improvement in gross margins.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	187	196	173	(7.1)	(11.5)	
EPS (Rs/share)	1.3	1.4	1.2	(7.1)	(11.5)	
EBITDA margin (%)	13.9	8.9	12.9	-108 bps	391 bps	
SRF						
Net sales	17,413	20,720	18,657	7.1	(10.0)	We expect moderation of revenue growth to 7% in 1QFY20 due to likely impact from shutdown of the Dahej plant earlier in the quarter.
EBITDA	3,112	3,879	3,253	4.5	(16.2)	
EBIT	2,227	2,908	2,253	1.2	(22.5)	
PBT	1,823	2,545	1,773	(2.7)	(30.3)	
Reported PAT	1,338	1,909	1,329	(0.7)	(30.4)	We expect 130 bps qoq moderation in EBITDA margins to 17.6% attributed to higher costs amid lack of operating leverage.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	1,338	1,909	1,329	(0.7)	(30.4)	
EPS (Rs/share)	23.3	33.2	23.2	(0.7)	(30.4)	
EBITDA margin (%)	17.9	18.7	17.4	-45 bps	-129 bps	
Telecom						
Bharti Airtel						
Net sales	197,992	206,022	210,072	6.1	2.0	We expect a 1.6% qoq uptick in India wireless revenues; EBITDA for the segment will likely be down 3% qoq (and 10% yoy). We expect a 2% qoq jump in ARPU to Rs127/month.
EBITDA	67,258	66,317	66,879	(0.6)	0.8	
EBIT	15,806	11,383	10,529	(33.4)	(7.5)	
PBT	(4,503)	(13,452)	(12,721)	182.5	(5.4)	
Reported PAT	973	1,073	(11,543)	(1,286.5)	(1,175.3)	We expect a steady quarter for the Africa business with 0.8% qoq growth in revenues and flattish sequential EBITDA. Among the other businesses, we expect – (a) India DTH to report healthy sequential performance, (b) modest sequential performance for the home broadband business, and (c) double-digit yoy growth in revenues and EBITDA in the Enterprise segment.
Extraordinaries	(3,621)	20,221	—	—	—	
Adjusted PAT	4,594	(19,148)	(11,543)	(351.3)	(39.7)	
EPS (Rs/share)	1.1	(4.8)	(2.9)	(351.3)	(39.7)	
EBITDA margin (%)	34.0	32.2	31.8	-214 bps	-36 bps	
Bharti Infratel						
Net sales	36,735	35,006	35,398	(3.6)	1.1	We expect a subdued quarter overall with weak net tenancy growth; additions from Bharti to be largely offset by exits from VIL.
EBITDA	15,196	13,914	13,826	(9.0)	(0.6)	
EBIT	9,807	8,416	8,347	(14.9)	(0.8)	
PBT	10,701	9,067	9,138	(14.6)	0.8	
Reported PAT	6,380	6,076	6,507	2.0	7.1	We continue to model some increase (qoq) in service rentals, implying ~10% yoy growth; expansion in energy spreads should be moderate.
Extraordinaries	—	658	660	—	0.3	
Adjusted PAT	6,380	5,418	5,847	(8.3)	7.9	
EPS (Rs/share)	3.4	2.9	3.2	(8.3)	7.9	
EBITDA margin (%)	41.4	39.7	39.1	-231 bps	-69 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	qoq	Comments
Tata Communications						
Net sales	39,438	42,435	42,066	6.7	(0.9)	A strong quarter likely for TCOM - we expect EBITDA growth of 19% yoy.
EBITDA	5,869	6,853	6,975	18.9	1.8	
EBIT	1,020	1,266	1,375	34.9	8.6	
PBT	41	622	475	1,056.9	(23.6)	
Reported PAT	(585)	(1,988)	(389)	(33.5)	(80.4)	We expect robust momentum in traditional services along with a better margin profile for growth and innovation services.
Extraordinaries	—	7	—	—	—	
Adjusted PAT	(585)	(1,995)	(389)	(33.5)	(80.5)	
EPS (Rs/share)	(2.1)	(7.0)	(1.4)	(33.5)	(80.5)	
EBITDA margin (%)	14.9	16.1	16.6	170 bps	43 bps	
Vodafone Idea						
Net sales	—	117,750	118,001	—	0.2	We expect a sharp jump in EBITDA on the back of further progress on delivery of cost synergies.
EBITDA	—	15,853	19,159	—	20.9	
EBIT	—	(30,786)	(28,230)	—	(8.3)	
PBT	—	(58,680)	(52,525)	—	(10.5)	
Tax	—	(18,770)	(18,384)	—	(2.1)	
Reported PAT	—	(48,819)	(38,691)	—	(20.7)	We expect an ARPU print of Rs114/month, up 9.6% qoq; sequential jump is optical thanks to the sharp decline in average subs base. Net finance costs should also see a sharp sequential decline.
Extraordinaries	—	(9,458)	(5,000)	—	(47.1)	
Adjusted PAT	—	(39,361)	(33,691)	—	(14.4)	
EPS (Rs/share)	—	(1.4)	(1.2)	—	(14.4)	
EBITDA margin (%)	—	13.5	16.2	—	277 bps	
Transportation						
Adani Ports and SEZ						
Net sales	24,110	30,825	31,089	28.9	0.9	Cargo tonnage at India's major ports has grown 2.5% yoy in Apr-May 2019. We model a higher 16% growth for the portfolio driven by strong growth in Mundra and Dhamra ports. This is partly on low base. We model qoq flattish volumes.
EBITDA	15,884	19,321	19,450	22.4	0.7	
EBIT	12,659	15,760	15,475	22.2	(1.8)	
PBT	12,381	15,785	14,705	18.8	(6.8)	
Reported PAT	10,065	12,809	11,656	15.8	(9.0)	We model sequentially flat EBITDA margin of 62.7% for Adani Ports in 1QFY20. We expect weakness in EBITDA margin as we factor in reducing share of container in ADSEZ's cargo mix.
Extraordinaries	(67)	(284)	(108)	62.5	(61.8)	
Adjusted PAT	6,907	12,859	15,980	131.4	24.3	
EPS (Rs/share)	3.3	6.2	7.7	131.4	24.3	
EBITDA margin (%)	65.9	62.7	62.6	-332 bps	-12 bps	
Container Corp.						
Net sales	14,983	17,499	17,338	15.7	(0.9)	The EXIM container handling tonnage for Indian Railways has grown 7% yoy in Apr-May 2019. We build in a 6% growth in Concor's EXIM handling volumes in building in a modest decline in market share. With the price increases taken in FY2019/20, we expect a higher 18% growth in EXIM revenues in the quarter. We also expect modest growth in domestic volumes. Overall, we expect ~16% revenue growth in 1QFY20.
EBITDA	3,202	3,829	4,187	30.8	9.4	
EBIT	2,180	2,711	3,042	39.6	12.2	
PBT	2,800	3,993	3,354	19.8	(16.0)	
Reported PAT	2,524	3,523	3,036	20.3	(13.8)	
Extraordinaries	456	549	554	21.5	0.8	We expect a 280 bps yoy increase in EBITDA margin to 24% for 1QFY20 on account of price increases taken over the past few quarters. We expect a lower 20% yoy growth in PAT in account of lower other income. Note that Concor has given advance payment to Indian Railways of Rs30 bn.
Adjusted PAT	2,068	2,974	2,482	20.0	(16.5)	
EPS (Rs/share)	3.4	4.9	4.1	20.0	(16.5)	
EBITDA margin (%)	21.4	21.9	24.1	277 bps	226 bps	
Gateway Distriparks						
Net sales	1,031	1,079	3,412	230.9	216.1	Financials are not comparable yoy as rail subdiary financials will now get consolidated line-by-line after the recent buyout of the Blackstone stake. Container cargo at major ports grew 10% yoy in Apr-May 2019 whereas EXIM container tonnage for Indian Railways grew ~7% in the same period. This would imply a volume growth higher than 7% for road CFS. We expect a higher ~11% 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	220	199	618	181.1	209.9	
EBIT	135	125	382	183.5	206.7	
PBT	146	130	226	54.9	73.2	
Reported PAT	307	3,088	339	10.3	(89.0)	
Extraordinaries	131	2,845	160	22.5	(94.4)	
Adjusted PAT	192	292	202	5.1	(30.8)	We expect modest 40-50 bps yoy improvement in EBITDA margin for both rail and CFS businesses for the full year. We expect ~18% EBITDA margin for the quarter, similar to our FY2020 estimate.
EPS (Rs/share)	1.8	2.7	1.9	5.1	(30.8)	
EBITDA margin (%)	21.3	18.5	18.1	-321 bps	-37 bps	
Gujarat Pipavav Port						
Net sales	1,760	1,802	1,766	0.4	(2.0)	We expect a healthy 18% yoy growth in container volumes and a modest 7% yoy growth on an overall basis, dragged down by a decline in bulk and LPG volumes. We expect sequentially improving realization per tonne, net of recent price increase in container and lower share of bulk in the revenue mix. Yoy realization will still decline on a high base (favorable currency) and increase in share of transshipment volumes yoy. Revenue growth will thus remain subdued for the quarter.
EBITDA	914	996	1,015	11.1	2.0	
EBIT	644	686	707	9.8	3.1	
PBT	749	795	846	13.0	6.4	
Reported PAT	471	510	550	16.8	7.9	
Extraordinaries	—	—	—	—	—	
Adjusted PAT	471	510	550	16.8	7.9	We model EBITDA margin of 57.5% in the quarter, up 220 bps qoq, driven by the recent price increase at GPPV effective from April 7, 2019.
EPS (Rs/share)	1.0	1.1	1.1	16.8	7.9	
EBITDA margin (%)	51.9	55.3	57.5	558 bps	222 bps	

Source: Companies, Kotak Institutional Equities estimates

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

	Jun-18	Mar-19	Jun-19E	Change (%) yoy	Change (%) qoq	Comments
InterGlobe Aviation						
Net sales	65,120	78,833	89,098	36.8	13.0	We expect a 29% yoy growth in RPKs and 6% yoy increase in yields to drive overall yoy revenue growth of 36%. Seasonally strong demand coupled with capacity constraints are the key drivers of the yield improvement.
EBITDA	(111)	5,914	9,052	NM	53.1	
EBIT	(1,663)	3,728	6,801	NM	82.4	
PBT	313	6,168	9,590	2,960.0	55.5	
Reported PAT	278	5,896	6,905	2,384.7	17.1	Increase in yields will more than offset the impact of increase in fuel costs and will drive a qoq increase in EBITDAR margins. We do not incorporate the impact of IndAS 116 in our forecasts.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	278	5,896	6,905	2,384.7	17.1	
EPS (Rs/share)	0.7	15.4	18.0	2,384.7	17.1	
EBITDA margin (%)	(0.2)	7.5	10.2	1032 bps	265 bps	
Mahindra Logistics						
Net sales	9,282	10,147	10,267	10.6	1.2	For 1QFY20, we expect 5% yoy growth in M&M SCM business on the back of weak trends in auto sales. We expect a 20% yoy growth in non-M&M SCM business on the back of a low base and start of execution of recent order wins in non-M&M SCM vertical. On an overall basis, we arrive at 11% yoy growth in revenues in 1QFY20.
EBITDA	405	408	433	7.0	6.1	
EBIT	355	348	372	5.0	7.0	
PBT	376	357	386	2.7	8.2	
Tax	133	118	135	1.6	14.2	
Reported PAT	240	235	249	3.8	6.1	We expect EBITDA margin of 4.2% in 1QFY20, marginally higher by 20 bps qoq. Yoy levels are non comparable on account of ESOP/RSU charge. This is expected to be led by some improvement in non-M&M margin given higher 40% share in warehousing in recent order wins.
Extraordinaries	—	—	—	—	—	
Adjusted PAT	240	235	249	3.8	6.1	
EBITDA margin (%)	4.4	4.0	4.2	-15 bps	19 bps	

Source: Companies, Kotak Institutional Equities estimates

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

Company	Rating	Price (Rs) 4-Jul-19	Fair Value (Rs)	Upside (%)	Mkt cap. (Rs bn)	Mkt cap. (US$ bn)	O/S shares (mn)	EPS (Rs) 2019	EPS (Rs) 2020E	EPS (Rs) 2021E	EPS growth (%) 2019	EPS growth (%) 2020E	EPS growth (%) 2021E	P/E (X) 2019	P/E (X) 2020E	P/E (X) 2021E	EV/EBITDA (X) 2019	EV/EBITDA (X) 2020E	EV/EBITDA (X) 2021E	P/B (X) 2019	P/B (X) 2020E	P/B (X) 2021E	RoE (%) 2019	RoE (%) 2020E	RoE (%) 2021E	Dividend yield (%) 2019	Dividend yield (%) 2020E	Dividend yield (%) 2021E	ADVT 3mo (US$ mn)
Automobiles & Components																													
Amara Raja Batteries	ADD	648	665	3	111	1.6	171	28	33	39	2.6	18	17	23	19.4	16.6	11.6	9.9	8.4	3.3	3.0	2.6	15.4	16.1	16.8	1.1	1.3	1.5	8.0
Apollo Tyres	BUY	199	270	35	114	1.7	572	14.3	18	22	7.0	25	21	13.9	11.1	9.2	8.0	7.0	5.9	1.1	1.1	1.0	8.3	9.8	10.9	1.6	1.5	1.5	10.0
Ashok Leyland	BUY	90	130	45	264	3.9	2,936	7.0	7.6	7.7	16	8.6	2.5	12.9	11.9	11.6	7.3	6.5	6.7	3.2	2.7	2.4	26	25	22	3.4	2.5	2.6	31
Bajaj Auto	REDUCE	2,895	2,700	(7)	838	12	289	153	157	172	8.4	2.7	9.4	18.9	18.4	16.8	13	13	11.4	3.8	3.5	3.1	23	19.8	19.6	2.1	2.2	2.4	21
Balkrishna Industries	BUY	752	870	16	145	2.1	193	40	42	48	6.0	6.7	14.4	18.9	17.8	15.5	10.1	9.6	8.4	3.1	2.8	2.4	17.5	16.5	16.6	1.1	1.2	1.3	7.6
Bharat Forge	SELL	476	460	(3)	222	3.2	466	22	24	26	37	7.6	7.3	21	19.9	18.6	12	11.3	10.5	4.1	3.6	3.1	21	19.2	18.0	0.5	1.2	1.3	9.1
CEAT	ADD	936	1,080	15	38	0.6	40	62	74	82	(5.0)	20	11.7	15.2	12.7	11.4	8.1	8.0	7.3	1.4	1.3	1.2	9.3	10.3	10.6	1.3	1.3	1.3	9.2
Eicher Motors	SELL	19,825	16,200	(18)	541	7.9	27	816	877	888	1.9	7.6	1.3	24	23	22	16	16	15	7.6	6.1	5.1	36	30	25	0.2	0.2	—	30
Endurance Technologies	SELL	1,115	900	(19)	157	2.3	141	36	42	49	24	17	17	31	26	23	14	11.7	9.9	6.1	5.1	4.3	19.3	19.4	19.1	0.5	0.6	0.8	0.8
Escorts	BUY	571	1,000	75	51	1.0	89	54	61	67	40	11.5	10.7	10.5	9.4	8.5	7.0	5.7	4.8	1.7	1.5	1.3	16.0	15.6	15.1	0.4	1.6	1.8	18.6
Exide Industries	SELL	207	210	2	176	2.6	850	9.0	10.0	11.0	10.1	10.6	10.2	23	21	18.7	12	11.0	9.9	2.9	2.7	2.5	13.5	13.6	13.9	1.2	1.7	1.9	5.8
Hero Motocorp	SELL	2,606	2,400	(8)	521	7.6	200	166	169	178	(10.2)	1.9	5.3	15.7	15.4	14.6	9.3	8.7	8.1	4.0	3.7	3.3	27	25	24	3.3	3.2	3.4	28
Mahindra CIE Automotive	ADD	224	245	10	85	1.2	378	14.5	15	17	48	4.8	11.3	15.4	14.7	13.2	8.8	8.0	7.0	2.0	1.7	1.5	13.7	12.6	12.3	—	—	—	0.4
Mahindra & Mahindra	BUY	672	930	38	836	12.2	1,138	48	48	50	25	—	5.8	14.1	14.1	13.3	10.7	9.5	8.7	2.2	2.0	1.8	16.5	14.6	13.9	1.4	1.4	1.5	32
Maruti Suzuki	REDUCE	6,544	6,000	(8)	1,977	28.8	302	248	248	285	(2.9)	(0.2)	14.8	26	26	23	15	13	11.1	4.3	3.8	3.4	17.1	15.4	15.8	0.9	0.9	1.1	91
Motherson Sumi Systems	SELL	127	110	(13)	400	5.8	3,158	5.1	6.0	7.3	(6.3)	17	23	25	21	17.3	9.0	7.9	6.3	3.7	3.3	2.9	15.5	16.2	17.7	1.2	1.3	1.4	18.9
MRF	REDUCE	56,575	50,000	(12)	240	3.5	4	2,667	3,070	3,336	(0.1)	15	8.7	21	18.4	17.0	9.6	8.1	7.1	2.2	2.0	1.8	11.0	11.3	11.1	0.1	0.1	0.1	5.6
Schaeffler India	REDUCE	4,859	5,000	3	152	2.2	31	144	159	188	14.9	10.4	18	34	31	26	19	17	14	5.6	4.8	4.1	17.9	16.9	17.1	—	—	—	0.3
SKF	ADD	2,008	2,000	(0)	103	1.5	51	65	78	91	13.5	19	17	31	26	22	20	17	14	6.1	5.0	4.2	19.8	19.2	19.2	0.6	0.7	0.8	0.5
Tata Motors	BUY	165	270	63	561	7.6	3,396	(5.4)	18	27	(127)	NM	45	NM	9.0	6.2	4.1	3.1	2.7	0.9	0.8	0.7	NM	9.9	12.8	—	—	—	80
Timken	SELL	718	620	(14)	54	0.8	75	20	24	28	46	22	16	36	30	26	18	16	13	4.0	3.6	3.1	14.6	12.7	13.0	0.1	0.1	0.1	0.6
TVS Motor	SELL	433	350	(19)	206	3.0	475	14.1	16	19	1.1	12.5	18.6	31	27	23	15	14	12	6.1	5.4	4.7	22	21	22	0.8	1.1	1.3	10.4
Varroc Engineering	BUY	477	870	82	64	0.9	135	33	37	58	(0.2)	11.8	55	14.3	12.8	8.2	8.0	6.6	4.7	2.1	1.8	1.5	14.5	14.2	18.3	—	—	—	1.0
Automobiles & Components	**Neutral**				**7,853**	**114.2**					**(16.2)**	**30**	**16**	**23**	**18.0**	**15.5**	**9.4**	**7.9**	**6.8**	**2.9**	**2.6**	**2.3**	**12.5**	**14.6**	**15.0**	**1.2**	**1.2**	**1.3**	**420**
Banks																													
AU Small Finance Bank	SELL	695	500	(28)	203	3.0	292	13.1	16	23	28	26	40	53	42	30	—	—	—	6.9	5.0	4.3	14.0	13.2	14.8	0.1	—	—	—
Axis Bank	REDUCE	809	730	(10)	2,119	30.9	2,572	18	45	55	1,593	148	23	44	17.9	14.6	—	—	—	3.5	2.9	2.4	7.2	16.1	16.6	0.1	0.3	0.4	95
Bandhan Bank	SELL	559	475	(15)	667	9.7	1,193	16	20	25	45	20	28	34	29	22	—	—	—	6.0	5.7	4.8	19.0	23	23	0.5	0.6	0.8	0.0
Bank of Baroda	ADD	129	145	12	498	7.3	2,652	1.6	21	25	118	1,171	20	79	6.2	5.2	—	—	—	0.9	1.1	0.8	0.9	14.5	14.2	—	3.2	3.9	44
Canara Bank	ADD	287	315	10	216	3.2	753	4.6	53	72	108	1,046	36	62	5.4	4.0	—	—	—	1.4	0.9	0.7	1.0	10.4	12.7	—	—	—	22
City Union Bank	ADD	210	215	2	154	2.3	735	9.3	10.7	12.0	4.4	15	11.7	23	19.6	17.6	—	—	—	3.5	3.1	2.7	15.2	15.3	15.1	0.2	0.9	1.0	2.2
DCB Bank	BUY	232	230	(1)	72	1.0	310	10.5	13.3	17	32	27	25	22	17.4	13.9	—	—	—	2.6	2.3	2.0	12.0	13.5	14.9	0.4	0.5	0.7	7.8
Equitas Holdings	BUY	121	180	48	41	0.6	342	6.3	10.0	13.0	585	57	30	19.2	12.2	9.4	—	—	—	1.7	1.6	1.3	9.1	12.8	14.5	—	—	—	4.9
Federal Bank	BUY	109	130	19	216	3.2	1,985	6.3	8.9	10.4	41	42	16	17.4	12.2	10.5	—	—	—	1.8	1.6	1.5	9.8	12.7	13.4	1.3	1.8	2.1	19.5
HDFC Bank	ADD	2,484	2,400	(3)	6,778	98.8	2,723	77	93	112	14.9	21	20	32	27	22	—	—	—	4.6	4.1	3.6	16.5	16.0	16.9	0.6	0.7	0.9	117
ICICI Bank	BUY	436	460	5	2,814	41.0	6,447	5.2	25	31	(45.6)	378	25	84	17.5	13.9	—	—	—	2.9	2.5	2.2	3.2	14.0	15.7	0.2	1.1	1.4	105
IndusInd Bank	ADD	1,494	1,750	17	901	13.1	614	54	77	99	(10)	44	28	28	19.3	15.0	—	—	—	3.7	3.0	2.6	13.5	17.3	17.4	0.5	0.7	0.9	93
J&K Bank	BUY	41	90	120	23	0.3	557	8.3	9.6	17	129	15	76	4.9	4.3	2.4	—	—	—	0.5	0.3	0.3	7.3	7.8	12.7	0.0	4.7	8.3	1.2
Karur Vysya Bank	ADD	70	85	21	57	0.8	799	2.6	4.2	7.7	(45)	59	83	27	16.8	9.2	—	—	—	1.1	1.0	0.9	3.3	5.1	8.9	0.9	1.5	2.8	1.5
Punjab National Bank	ADD	82	105	28	378	5.5	4,604	(22)	9.4	13.7	51	143	46	NM	8.7	6.0	—	—	—	1.8	1.3	1.1	NM	9.9	12.7	—	—	—	38
RBL Bank	SELL	654	560	(14)	279	4.1	427	20	28	35	34	40	22	32	23	18.8	—	—	—	3.8	3.4	3.0	12.2	15.0	16.1	0.4	0.6	0.7	15.3
State Bank of India	BUY	367	410	12	3,279	47.8	8,925	1.0	37	52	113	3,736	41	380	9.9	7.0	—	—	—	2.2	1.7	1.3	0.4	13.9	16.9	0.0	0.1	0.2	119
Ujjivan Financial Services	ADD	296	375	27	36	0.5	121	16	23	30	2,650	43	29	18.1	12.6	9.8	—	—	—	1.9	1.7	1.5	10.7	13.7	15.6	0.4	0.7	1.0	10.9
Union Bank	ADD	85	105	24	150	2.2	1,763	(17)	6.3	20	63	137	211	NM	13.5	4.3	—	—	—	1.3	1.2	0.7	NM	4.4	12.8	0.0	1.1	3.4	12.6
YES Bank	SELL	96	170	77	223	3.3	2,315	7.4	4.1	12.3	(59.5)	(45)	203	13.0	24	7.8	—	—	—	0.9	1.0	0.9	6.5	3.5	10.0	2.8	1.1	3.3	168
Banks	**Attractive**				**19,103**	**278.6**					**373**	**307**	**33**	**65**	**16.0**	**12.0**				**2.3**	**2.0**	**1.8**	**3.6**	**12.6**	**14.6**	**0.4**	**0.7**	**0.9**	**877**

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs) 4-Jul-19	Fair Value (Rs)	Upside (%)	Mkt cap. (Rs bn)	Mkt cap. (US$ bn)	O/S shares (mn)	EPS (Rs) 2019	EPS (Rs) 2020E	EPS (Rs) 2021E	EPS growth (%) 2019	EPS growth (%) 2020E	EPS growth (%) 2021E	P/E (X) 2019	P/E (X) 2020E	P/E (X) 2021E	EV/EBITDA (X) 2019	EV/EBITDA (X) 2020E	EV/EBITDA (X) 2021E	P/B (X) 2019	P/B (X) 2020E	P/B (X) 2021E	RoE (%) 2019	RoE (%) 2020E	RoE (%) 2021E	Dividend yield (%) 2019	Dividend yield (%) 2020E	Dividend yield (%) 2021E	ADVT 3mo (US$ mn)
Building Products																													
Astral Poly Technik	SELL	1,318	720	(45)	158	2.3	120	16	21	25	11.8	27	18	81	63	54	41	33	29	12	10	8.8	17.1	17.8	17.8	0.1	0.1	0.1	1.1
Building Products	**Cautious**				**158**	**2.3**					**11.8**	**27**	**18**	**81**	**63**	**54**	**41**	**33**	**29**	**12**	**10**	**8.8**	**15.3**	**16.5**	**16.4**	**0.1**	**0.1**	**0.1**	**1.1**
Capital goods																													
ABB	SELL	1,652	1,125	(32)	350	5.1	212	24	27	33	22	13.7	22	69	60	50	73	49	38	8.7	7.9	7.0	13.4	13.7	14.9	0.3	0.3	0.4	2.7
Ashoka Buildcon	BUY	146	225	55	41	0.6	281	11.8	11.8	12.4	41	(0.4)	5.3	12.3	12.3	11.7	9.2	8.7	7.9	1.9	1.7	1.5	16.1	14.1	13.3	1.1	1.3	1.3	0.7
Bharat Electronics	BUY	114	100	(12)	277	4.0	2,437	7.7	5.8	5.2	31.8	(24.4)	(11.6)	14.7	19.4	22	9.3	10.6	10.8	3.0	2.9	2.7	22	15.1	12.6	3.0	1.8	1.6	17.0
BHEL	REDUCE	73	67	(9)	255	3.7	3,482	3.5	2.9	4.2	51	(17.0)	44	21	25	17.5	9.6	8.1	5.8	0.8	0.8	0.8	3.8	3.2	4.5	2.7	1.9	2.5	15.4
Carborundum Universal	SELL	350	310	(11)	66	1.0	189	13.1	16	18	14.8	21	15	27	22	19.2	15	12	10.5	3.8	3.5	3.1	15.1	16.5	17.0	0.8	1.4	1.6	0.6
Cochin Shipyard	BUY	384	580	51	51	0.7	132	37	39	42	23	6.0	7.4	10.5	9.9	9.2	4.6	3.5	5.1	1.5	1.4	1.3	14.6	14.6	14.2	3.4	2.7	3.0	0.4
Cummins India	SELL	760	660	(13)	211	3.1	277	26	29	33	9.1	9.2	14.4	29	26	23	24	21	18	5.1	4.8	4.5	18.0	18.7	20	2.2	2.1	2.4	4.4
Dilip Buildcon	BUY	485	735	52	66	1.0	137	56	47	57	20	(15.2)	22	8.7	10.3	8.4	6.2	5.3	4.9	2.1	1.7	1.4	27	18.3	18.6	0.2	0.2	0.2	3.4
IRB Infrastructure	BUY	96	205	114	34	0.5	351	24	20	14.3	7.2	(17.2)	(28.5)	4.0	4.8	6.7	6.0	5.9	6.3	0.5	0.5	0.5	14.2	10.7	7.2	3.7	4.1	3.9	7.3
Kalpataru Power Transmission	BUY	532	570	7	82	1.2	153	30	37	45	66	23	21	17.5	14.2	11.7	7.6	6.2	5.0	2.6	2.2	1.9	16.1	17.0	17.6	0.6	0.7	0.7	0.8
KEC International	BUY	333	340	2	86	1.2	257	19	23	29	5.7	21	26	17.6	14.5	11.5	8.7	7.4	6.2	3.5	2.9	2.4	22	22	23	0.8	0.7	0.9	1.8
L&T	BUY	1,572	1,500	(5)	2,204	32.1	1,403	61	68	80	19	10.9	17	26	23	19.7	21	18	17	4.0	3.6	3.2	16.3	16.3	17.2	1.1	1.5	1.7	64
Sadbhav Engineering	REDUCE	239	270	13	41	0.6	172	10.9	12.3	17	(15.7)	13.7	40.1	22	19.4	13.8	13	10.7	8.7	2.0	1.8	1.6	9.5	9.9	12.6	—	—	—	0.7
Siemens	SELL	1,358	1,085	(20)	483	7.1	356	31	36	42	22	18	16	44	37	32	27	22	19	5.4	4.9	4.4	12.6	13.6	14.4	0.6	0.7	0.9	8.8
Thermax	ADD	1,058	1,100	4	126	1.8	113	28	36	44	37	27	24	38	30	24	27	22	18	27	22	18	11.1	12.8	14.4	0.7	0.8	1.0	1.9
Capital goods	**Neutral**				**4,372**	**63.8**					**22**	**4.1**	**15**	**24**	**23**	**20**				**3.1**	**2.9**	**2.6**	**12.9**	**12.4**	**13.1**	**1.3**	**1.3**	**1.5**	**877**
Commercial & Professional Services																													
SIS	REDUCE	889	825	(7)	65	1.0	75	29	35	42	28	22	21	31	25	21	19	14	12	5.3	4.5	3.8	18.8	19.1	19.4	0.3	0.4	0.4	0.3
TeamLease Services	SELL	3,079	2,030	(34)	53	0.8	17	58	73	95	33	27	31	54	42	32	55	41	32	9.8	7.9	6.4	20	21	22	—	—	—	0.7
Commercial & Professional Services	**Cautious**				**118**	**1.7**					**32**	**23**	**24**	**38**	**30**	**25**	**26**	**20**	**16**	**6.6**	**5.5**	**4.5**	**17.5**	**18.0**	**18.5**	**0.2**	**0.2**	**0.2**	**1.0**
Commodity Chemicals																													
Asian Paints	REDUCE	1,360	1,225	(10)	1,304	19.0	959	23	26	32	2.7	18	21	60	51	43	37	31	26	14	12	11	24	25	27	0.8	0.9	1.2	29
Tata Chemicals	BUY	618	700	13	157	2.3	255	43	49	54	(9)	13.1	10.4	14.4	12.7	11.5	6.8	5.6	4.9	1.3	1.2	1.1	9.3	9.7	10.0	2.0	2.2	2.4	9.2
Commodity Chemicals	**Neutral**				**1,462**	**21.3**					**(1.5)**	**16**	**17**	**45**	**39**	**33**	**26**	**22**	**18**	**6.7**	**6.2**	**5.7**	**14.9**	**15.9**	**17.1**	**0.9**	**1.1**	**1.3**	**38**
Construction Materials																													
ACC	SELL	1,577	1,400	(11)	296	4.3	188	53	65	73	9.3	21	13.0	30	24	22	16	13	11.6	2.8	2.6	2.4	10.1	11.1	11.6	0.9	1.0	1.2	18.3
Ambuja Cements	REDUCE	216	192	(11)	429	6.3	1,986	7.3	9.9	11.5	(2.4)	36	16	30	22	18.9	10.8	8.2	7.0	1.9	1.8	1.7	6.7	8.5	9.1	0.7	0.7	0.7	10.7
Dalmia Bharat	ADD	1,078	1,225	18	200	2.9	192	14.4	32	43	4.1	120	37	72	33	24	12	9.9	8.5	1.9	1.8	1.7	2.6	5.6	7.2	—	—	—	1.7
Grasim Industries	ADD	942	1,020	8	619	9.0	657	63	81	104	36	30	28	15.0	11.6	9.1	10.6	6.3	4.8	1.1	1.0	0.9	7.3	9.2	10.7	0.7	0.7	0.7	22
India Cements	REDUCE	105	116	11	32	0.5	310	2.2	8.6	9.7	(31.4)	283	13.2	47	12.2	10.8	10.3	6.1	5.7	0.6	0.6	0.6	1.3	5.0	5.4	0.8	0.8	0.8	12.3
J K Cement	ADD	996	1,100	10	77	1.1	77	34	74	84	(21)	116	13.4	29	13.5	11.9	12	9.2	7.2	2.9	2.4	2.1	11.3	19.5	18.8	1.0	1.0	1.0	1.4
JK Lakshmi Cement	ADD	333	432	30	39	0.6	118	4.1	26	33	(28)	544	27	82	12.7	10.0	12	6.5	5.5	2.6	2.2	1.8	3.3	19.0	20	0.2	0.6	0.6	0.5
Orient Cement	ADD	107	106	(1)	22	0.3	205	2.3	7.7	10.8	7.5	230	41	46	14.0	9.9	10.9	7.0	6.0	2.1	1.9	1.6	4.6	14.2	17.8	1.4	1.9	1.9	0.5
Shree Cement	SELL	21,648	14,750	(32)	754	11.0	35	323	465	602	(19)	44	30	67	47	36	28	19	16	7.9	6.9	5.9	12.2	15.7	17.6	0.3	0.3	0.3	9.1
UltraTech Cement	SELL	4,645	2,960	(36)	1,276	18.6	275	102	137	170	13.9	35	23	46	34	27	21	17	15	4.6	4.1	3.6	10.4	12.7	13.9	0.2	0.2	0.2	38
Construction Materials	**Cautious**				**3,744**	**54.6**					**11.5**	**41**	**24**	**33**	**24**	**19.1**	**15**	**10.1**	**8.3**	**2.5**	**2.3**	**2.1**	**7.6**	**9.8**	**11.0**	**0.5**	**0.5**	**0.5**	**114**

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs) 4-Jul-19	Fair Value (Rs)	Upside (%)	Mkt cap. (Rs bn)	Mkt cap. (US$ bn)	O/S shares (mn)	EPS (Rs) 2019	EPS (Rs) 2020E	EPS (Rs) 2021E	EPS growth (%) 2019	EPS growth (%) 2020E	EPS growth (%) 2021E	P/E (X) 2019	P/E (X) 2020E	P/E (X) 2021E	EV/EBITDA (X) 2019	EV/EBITDA (X) 2020E	EV/EBITDA (X) 2021E	P/B (X) 2019	P/B (X) 2020E	P/B (X) 2021E	RoE (%) 2019	RoE (%) 2020E	RoE (%) 2021E	Dividend yield (%) 2019	Dividend yield (%) 2020E	Dividend yield (%) 2021E	ADVT 3mo (US$ mn)
Consumer Durables & Apparel																													
Crompton Greaves Consumer	SELL	234	200	(14)	146	2.1	627	5.9	7.1	8.4	15	20	18	39	33	28	25	21	18	13	10	8.2	40	35	33	0.9	1.1	1.1	2.3
Havells India	SELL	784	520	(34)	490	7.1	625	12.6	16	19	13.5	25	20	62	50	41	40	32	27	12	10	9.0	19.8	22	23	0.6	0.7	0.8	15.3
Page Industries	REDUCE	20,900	21,300	2	233	3.4	11	353	410	495	13.5	16	21	59	51	42	38	33	27	30	26	21	49	54	54	1.6	1.0	1.2	12.6
TCNS Clothing Co.	ADD	794	770	(3)	49	0.7	65	21	19	23	34	(6.8)	21	39	41	34	27	22	17	8.3	6.7	5.4	25	17.9	17.5	—	—	—	0.4
Vardhman Textiles	ADD	1,077	1,230	14	62	0.9	56	129	119	136	25.6	(8.4)	15.0	8.3	9.1	7.9	7.0	6.6	5.6	1.1	1.0	0.9	13.9	11.5	12.1	1.9	2.8	2.8	0.3
Voltas	SELL	635	480	(24)	210	3.1	331	16	17	21	(9.1)	7.1	23	40	38	31	34	28	24	5.1	4.6	4.2	13.0	12.9	14.3	0.5	0.5	0.7	15.2
Whirlpool	SELL	1,597	1,220	(24)	203	3.0	127	32	38	44	16	18	17	50	42	36	30	25	22	9.5	8.1	7.1	21	21	21	0.3	0.5	0.8	1.3
Consumer Durables & Apparel	**Cautious**				**1,393**	**20.3**					**12.7**	**11.3**		**42**	**37**	**31**	**28**	**24**	**20**	**7.5**	**6.6**		**18.0**	**17.7**	**18.5**	**0.8**	**0.8**		**47**
Consumer Staples																													
Bajaj Consumer Care	BUY	324	410	27	48	0.7	148	15	17	19	5.0	16	11.9	22	18.6	16.6	17	14	13	10	10	10	46	54	60	4.3	4.3	4.9	0.5
Britannia Industries	REDUCE	2,841	2,800	(1)	683	10.0	240	48	59	70	15	22	19	59	48	41	39	32	27	16	13	11	30	30	29	0.5	0.7	0.9	18.4
Colgate-Palmolive (India)	ADD	1,152	1,310	14	313	4.6	272	27	30	35	12.5	13.4	15	43	38	33	25	22	19	22	22	22	49	57	66	2.0	2.3	2.6	6.6
Dabur India	REDUCE	403	370	(8)	712	10.4	1,766	8.1	9.5	10.9	4.6	16	16	50	43	37	41	35	30	13	11	9.8	25	28	28	0.7	1.1	1.4	14.7
GlaxoSmithKline Consumer	RS	7,805	—	—	328	4.8	42	234	242	273	40	3.5	12.9	33	32	29	25	23	19	8.0	7.2	6.5	26	24	24	1.3	1.5	1.7	1.7
Godrej Consumer Products	REDUCE	675	635	(6)	690	10.1	1,022	14.4	16	19	1.0	12.9	16	47	42	36	33	29	25	9.5	8.5	7.5	22	22	22	1.4	0.9	1.1	13.9
Hindustan Unilever	REDUCE	1,794	1,575	(12)	3,883	56.6	2,160	28	32	37	18	15	14.9	64	55	48	44	38	33	51	44	38	83	85	84	1.2	1.3	1.5	33
ITC	ADD	278	335	21	3,403	49.6	12,288	10.2	11.1	12.3	14.0	8.7	11.1	27	25	23	18	16	15	5.9	5.5	5.2	19.5	21	22	2.1	2.3	2.7	52
Jyothy Laboratories	ADD	161	200	24	59	0.9	367	5.6	6.0	6.7	27	7.9	11.4	29	27	24	21	19	17	4.5	4.2	3.9	16.6	16.1	16.9	1.9	2.2	2.5	1.1
Marico	ADD	374	380	2	483	7.0	1,290	7.3	8.5	10.0	17	16	17	51	44	38	37	32	26	16	15	14	34	35	38	1.3	1.5	1.7	11.0
Nestle India	REDUCE	11,884	10,700	(10)	1,146	16.7	96	167	196	224	31	17	14.8	71	61	53	42	37	32	31	29	27	45	49	52	1.0	1.1	1.3	11.4
Tata Global Beverages	ADD	270	240	(11)	170	2.5	631	7.0	8.4	9.4	(4.8)	20	12.4	39	32	29	21	19	17	2.3	2.2	2.1	6.1	7.1	7.6	0.9	1.1	1.3	13.2
United Breweries	REDUCE	1,368	1,335	(2)	362	5.3	264	21	26	33	43	24	25	64	52	41	32	27	22	11	9.6	8.0	19.2	20	21	0.2	0.3	0.5	8.9
United Spirits	REDUCE	575	550	(4)	418	6.1	727	9.4	12.3	16	24	31	26	61	47	37	34	28	24	13	9.1	6.2	24	23	19.9	0.0	0.3	0.4	13.0
Consumer Staples	**Cautious**				**12,873**	**187.7**					**16**	**13.0**	**14.4**	**44**	**39**	**34**	**29**	**26**	**22**	**11**	**10**	**9.4**	**26**	**27**	**28**	**1.3**	**1.5**	**1.7**	**201**
Diversified Financials																													
Bajaj Finance	SELL	3,733	2,500	(33)	2,164	31.6	577	69	92	122	60	32	33	54	41	31	—	—	—	11	8.8	7.0	22	24	26	0.2	0.2	0.3	67
Bajaj Finserv	REDUCE	8,531	7,250	(15)	1,358	19.8	159	202	286	366	21	41	28	42	30	23	—	—	—	5.7	4.8	4.0	14.5	17.5	18.9	0.2	0.2	0.2	24
Bharat Financial Inclusion	NA	898	—	—	126	1.8	140	63	68	86	93	8.1	27	14.2	13.2	10.4	—	—	—	3.2	2.5	2.0	25	21	21	—	—	—	17.1
Cholamandalam	ADD	291	295	1	227	3.3	782	15	18	21	29	17	19	19.2	16.4	13.8	—	—	—	3.8	3.1	2.6	21	20	20	2.2	0.7	0.8	6.2
HDFC	ADD	2,280	2,175	(5)	3,928	57.3	1,721	56	62	71	(14)	11.5	14.1	41	37	32	—	—	—	5.1	4.7	4.3	13.6	13.4	14.0	0.9	1.0	1.2	98
IIFL Holdings	REDUCE	159	185	16	51	0.7	318	19	14.8	18	(22.5)	(24.0)	19	8.2	10.8	9.0	—	—	—	1.4	1.3	1.2	17.5	12.3	13.5	4.1	3.3	4.0	0.6
L&T Finance Holdings	REDUCE	120	140	17	240	3.5	1,999	11.2	12.8	14.6	74	14.6	14.3	10.8	9.4	8.2	—	—	—	1.8	1.5	1.3	18.0	17.5	17.2	0.8	1.0	1.2	13.4
LIC Housing Finance	ADD	569	550	(3)	287	4.2	505	48	57	67	21.4	19	17	11.8	9.9	8.5	—	—	—	1.8	1.5	1.3	15.9	16.6	16.9	1.3	1.6	1.9	12.2
Magma Fincorp	BUY	130	150	16	35	0.5	269	11.3	12.6	15	12.9	11.4	23	11.5	10.3	8.4	—	—	—	1.3	1.1	1.0	12.8	11.6	12.8	0.6	0.5	1.2	1.3
Mahindra & Mahindra Financial	ADD	396	500	26	244	3.6	615	25	31	36	45	24	13.8	15.6	12.6	11.0	—	—	—	2.5	2.2	1.9	15.2	16.7	16.9	1.6	2.0	2.3	12.0
Muthoot Finance	ADD	625	625	0	250	3.6	401	49	54	60	10.8	8.7	11.4	12.7	11.7	10.5	—	—	—	2.6	2.2	1.9	22.4	20	19.6	1.9	2.1	2.3	8.5
PNB Housing Finance	REDUCE	780	700	(10)	131	1.9	168	71	69	77	9.7	(2.9)	11.5	11.0	11.3	10.1	—	—	—	1.8	1.6	1.5	16.9	14.5	14.4	1.2	0.4	0.4	8.0
Shriram City Union Finance	ADD	1,540	1,900	23	102	1.5	66	150	156	189	39	4.3	21	10.3	9.9	8.2	—	—	—	1.7	1.5	1.3	16.6	15.1	16.0	1.4	1.3	1.6	0.6
Shriram Transport	BUY	1,063	1,425	34	241	3.5	227	113	128	145	4.2	13.6	12.8	9.4	8.3	7.3	—	—	—	1.6	1.4	1.2	17.4	17.1	16.7	1.1	1.7	2.0	33
Diversified Financials	**Neutral**				**9,384**	**136.8**					**12.8**	**18**	**19**	**29**	**25**	**21**				**4.3**	**3.8**	**3.3**	**14.9**	**15.4**	**16.1**	**0.7**	**0.8**	**0.9**	**302**

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs) 4-Jul-19	Fair Value (Rs)	Upside (%)	Mkt cap. (Rs bn)	Mkt cap. (US$ bn)	O/S shares (mn)	EPS (Rs) 2019	EPS (Rs) 2020E	EPS (Rs) 2021E	EPS growth (%) 2019	EPS growth (%) 2020E	EPS growth (%) 2021E	P/E (X) 2019	P/E (X) 2020E	P/E (X) 2021E	EV/EBITDA (X) 2019	EV/EBITDA (X) 2020E	EV/EBITDA (X) 2021E	P/B (X) 2019	P/B (X) 2020E	P/B (X) 2021E	RoE (%) 2019	RoE (%) 2020E	RoE (%) 2021E	Dividend yield (%) 2019	Dividend yield (%) 2020E	Dividend yield (%) 2021E	ADVT 3mo (US$ mn)
Electric Utilities																													
CESC	BUY	780	830	6	103	1.5	133	90	104	114	34.6	14.8	9.7	8.6	7.5	6.9	6.5	5.6	5.2	0.9	0.8	0.7	9.9	10.8	10.9	1.7	1.7	1.7	4.7
JSW Energy	REDUCE	72	65	(10)	118	1.7	1,640	4.2	6.2	5.8	36	49	-7.4	17.3	11.6	12.5	6.5	5.0	4.5	1.0	0.9	0.9	6.0	8.3	7.1	—	—	—	0.8
NHPC	ADD	25	27	10	247	3.6	10,260	2.5	2.9	3.1	3.7	17	5.1	9.7	8.3	7.9	8.0	7.2	7.1	0.8	0.8	0.7	8.5	9.4	9.5	5.8	6.1	6.4	1.3
NTPC	BUY	143	165	15	1,419	20.7	9,895	11.2	11.5	13.2	7.4	2.2	14.8	12.8	12.5	10.9	12	10.1	8.4	1.3	1.2	1.2	10.6	10.2	11.0	4.2	2.4	2.8	23
Power Grid	BUY	210	235	12	1,100	16.0	5,232	19	21	23	20	8.5	11.2	11.1	10.2	9.2	7.4	7.5	7.0	1.9	1.7	1.5	17.5	17.3	17.4	4.0	3.4	3.8	21
Tata Power	BUY	72	85	18	195	2.8	2,705	2.1	5.0	6.8	(60.5)	138	34	34	14.3	10.7	10.3	8.9	8.8	1.2	1.1	1.0	3.6	7.8	9.6	—	—	—	7.7
Electric Utilities	**Attractive**				**3,183**	**46.4**					**9.0**	**10.6**	**12.3**	**12.2**	**11.0**	**9.8**				**1.3**	**1.2**	**1.1**	**11.0**	**11.3**	**11.7**	**3.8**	**2.8**	**3.1**	**57**
Fertilizers & Agricultural Chemicals																													
Bayer Cropscience	SELL	3,359	3,000	(11)	115	1.7	34	69	96	114	(20.8)	38	19	48	35	30	30	21	18	6.1	5.4	4.7	13.0	16.3	17.1	0.5	0.6	0.7	0.4
Dhanuka Agritech	ADD	432	435	1	21	0.3	48	24	25	27	(8.0)	4.1	10.7	18.3	17.5	15.8	14	11.2	9.8	3.2	2.8	2.5	17.7	17.1	16.6	0.3	1.1	1.3	0.2
Godrej Agrovet	ADD	499	540	8	96	1.4	192	11.5	14.7	18	(0.5)	28	25	44	34	27	22	17	14	4.7	4.2	3.7	11.8	13.0	14.4	0.9	0.7	0.9	0.7
PI Industries	ADD	1,200	1,165	(3)	166	2.4	138	30	39	47	11.6	32	19	40	31	26	29	22	18	7.3	6.1	5.1	19.5	22	21	0.3	0.4	0.5	2.4
Rallis India	ADD	157	160	2	31	0.4	195	8.4	9.8	10.6	(2.2)	16	8.9	18.6	16.1	14.8	12	11.1	9.5	2.4	2.2	2.0	13.2	14.1	14.0	1.6	1.7	1.9	0.5
UPL	SELL	698	520	(26)	533	7.8	761	25	38	43	(12.9)	52	14.5	28	18.6	16.2	19	10.6	9.0	3.6	3.3	2.9	15.9	18.6	18.9	0.8	1.2	1.8	35
Fertilizers & Agricultural Chemicals	**Attractive**				**961**	**14.0**					**(9.4)**	**43**	**16**	**32**	**22**	**19.2**	**21**	**12**	**10.6**	**4.2**	**3.8**	**3.3**	**13.3**	**17.0**	**17.2**	**0.7**	**1.0**	**1.3**	**39**
Gas Utilities																													
GAIL (India)	BUY	308	440	43	694	10.1	2,255	28	31	33	37	10.1	7.2	11.0	10.0	9.3	7.3	6.4	5.8	1.6	1.4	1.3	14.9	15.0	14.6	2.6	3.1	3.4	25
GSPL	SELL	193	170	(12)	109	1.6	564	14.1	13.8	13.3	19	(1.8)	(4.2)	13.7	13.9	14.5	5.7	5.6	5.4	1.9	1.7	1.6	14.7	12.9	11.2	1.0	1.1	1.0	1.2
Indraprastha Gas	SELL	303	260	(14)	212	3.1	700	12.0	14.1	16	17	18	12.4	25	21	19.0	16	14	12.0	5.1	4.4	3.9	22	22	22	0.8	1.0	1.3	9.0
Mahanagar Gas	ADD	828	950	15	82	1.2	99	56	61	64	16	8.2	4.7	14.7	13.6	13.0	8.8	7.8	7.3	3.4	3.0	2.7	25	23	22	2.4	2.9	3.5	4.5
Petronet LNG	BUY	253	270	7	379	5.5	1,500	15	17	19	8.3	14.7	10.6	16.8	14.7	13.2	10.7	9.0	7.9	3.8	3.4	3.1	22	24	24	4.0	3.1	3.8	8.4
Gas Utilities	**Attractive**				**1,475**	**21.5**					**24**	**11.7**	**7.5**	**13.9**	**12.4**	**11.5**	**8.6**	**7.5**	**6.8**	**2.2**	**2.0**	**1.8**	**16.0**	**16.2**	**15.8**	**2.6**	**2.6**	**3.0**	**48**
Health Care Services																													
Apollo Hospitals	ADD	1,325	1,365	3	184	2.7	139	17	26	34	101	55	29	78	50	39	20	18	16	5.5	5.2	4.8	7.2	10.7	12.8	0.4	0.7	0.9	12.1
Aster DM Healthcare	BUY	127	240	89	64	0.9	505	6.6	7.7	11.6	140	17	49	19.2	16.5	11.0	10.1	8.5	6.7	2.0	1.8	1.6	11.1	11.5	15.3	—	—	—	1.5
Dr Lal Pathlabs	SELL	1,077	925	(14)	90	1.3	83	24	27	32	17	13.8	18	45	40	34	28	24	21	9.5	8.1	6.9	23	22	22	0.6	0.6	0.7	1.5
HCG	BUY	147	245	67	13	0.2	85	(3.5)	(1.8)	0.5	(322)	47	126	NM	NM	305	15	13	11.2	2.3	2.4	2.3	NM	NM	0.8	—	—	—	0.1
Narayana Hrudayalaya	BUY	240	265	10	49	0.7	204	1.9	4.5	7.5	(25)	139	64	126	53	32	21	17	13	4.6	4.2	3.7	3.7	8.3	12.2	—	—	—	0.4
Health Care Services	**Attractive**				**400**	**5.8**					**58**	**36**	**39**	**51**	**38**	**27**	**18**	**15**	**12**	**4.4**	**4.0**	**3.6**	**8.5**	**10.7**	**13.4**	**0.3**	**0.5**	**0.6**	**15.6**
Hotels & Restaurants																													
Coffee Day Enterprises	NR	226	—	—	48	0.7	211	2.9	3.5	8.1	(12.5)	19	132	77	65	28	16	9.3	8.8	1.9	1.0	1.0	2.5	2.0	3.6	—	—	—	0.5
Jubilant Foodworks	BUY	1,259	1,410	12	166	2.4	132	24	30	41	66	26	35	52	41	31	27	21	16	13	11	8.2	29	28	30	0.4	0.4	0.6	23
Lemon Tree Hotels	ADD	67	86	28	53	0.8	789	0.3	1.1	2.3	51	297	116	247	62	29	38	21	15	6.1	5.5	5.0	2.5	9.3	18.3	—	—	1.4	0.8
Hotels & Restaurants	**Attractive**				**267**	**3.9**					**45**	**40**	**60**	**67**	**48**	**30**	**23**	**16**	**13**	**5.7**	**3.7**	**3.3**	**8.6**	**7.7**	**11.3**	**0.2**	**0.2**	**0.6**	**25**
Insurance																													
HDFC Life Insurance	ADD	489	450	(8)	987	14.4	2,008	6.4	7.4	8.5	15	16	14.6	77	66	58	—	—	—	17	16	14	25	25	26	0.3	0.4	0.4	15.6
ICICI Lombard	SELL	1,124	750	(33)	511	7.4	454	23	28	35	22	23	22	49	40	33	—	—	—	9.6	8.2	7.0	21	22	23	0.5	0.6	0.8	19.5
ICICI Prudential Life	BUY	394	500	27	566	8.2	1,436	6.7	7.5	8.8	(40)	11.7	17	58	52	45	—	—	—	7.7	6.9	6.1	13.9	13.9	14.5	0.3	0.3	0.0	10.2
Max Financial Services	BUY	414	530	28	112	1.6	269	1.8	5.4	5.3	(65.8)	197	-3.5	226	76	79	—	—	—				2.5	7.2	6.6	0.0	0.5	0.4	3.5
SBI Life Insurance	BUY	757	800	6	757	11.0	1,000	13.3	15	18	15	17	14.8	57	49	43	—	—	—	10	8.6	7.4	19.0	19.1	18.7	0.3	0.3	0.4	9.7
Insurance	**Attractive**				**2,932**	**42.8**					**(4.4)**	**19**	**16**	**63**	**53**	**45**				**11**	**9.3**	**8.2**	**16.8**	**17.6**	**18.0**	**0.2**	**0.3**	**0.2**	**59**

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs) 4-Jul-19	Fair Value (Rs)	Upside (%)	Mkt cap. (Rs bn)	Mkt cap. (US$ bn)	O/S shares (mn)	EPS (Rs) 2019	EPS (Rs) 2020E	EPS (Rs) 2021E	EPS growth (%) 2019	EPS growth (%) 2020E	EPS growth (%) 2021E	P/E (X) 2019	P/E (X) 2020E	P/E (X) 2021E	EV/EBITDA (X) 2019	EV/EBITDA (X) 2020E	EV/EBITDA (X) 2021E	P/B (X) 2019	P/B (X) 2020E	P/B (X) 2021E	RoE (%) 2019	RoE (%) 2020E	RoE (%) 2021E	Dividend yield (%) 2019	Dividend yield (%) 2020E	Dividend yield (%) 2021E	ADVT 3mo (US$ mn)
Internet Software & Services																													
Info Edge	REDUCE	2,291	1,870	(18)	280	4.1	122.0	26	31	37	14.7	20	20	89	74	61	78	56	46	12	11	9.6	14.2	15.4	16.6	0.2	0.3	0.4	7.3
Just Dial	REDUCE	780	590	(24)	51	0.7	64.8	32	31	33	50	(1.9)	5.4	24	25	24	16	16	15	5.1	4.3	3.7	21	18.6	16.8	0.0	0.4	0.4	45
Internet Software & Services	**Attractive**				**330**	**4.8**					**25**	**11.4**	**15**	**63**	**57**	**49**	**53**	**43**	**37**	**9.9**	**8.8**	**7.7**	**15.7**	**15.4**	**15.7**	**0.1**	**0.3**	**0.4**	**53**
IT Services																													
HCL Technologies	ADD	1,041	1,200	15	1,412	20.6	1,377	73	79	84	18	7.8	7.0	14.2	13.2	12.3	9.6	8.1	7.6	3.4	2.9	2.5	26	24	22	0.8	3.0	3.2	33
Hexaware Technologies	REDUCE	373	345	(7)	111	1.6	302	19	21	24	17	8.0	16	19.3	17.9	15.3	14	13	10.8	4.7	4.2	3.7	27	25	26	2.3	2.7	2.7	6.1
Infosys	ADD	734	750	2	3,203	46.7	4,353	35	38	43	9.5	6.9	13.3	21	19.4	17.1	14	14	12.0	4.9	5.0	4.6	24	25	28	4.2	3.0	3.3	91
L&T Infotech	ADD	1,656	1,940	17	287	4.2	176	86	93	106	36	7.0	15.0	19.2	17.9	15.6	14	13	11.0	5.9	5.0	4.1	35	30	29	1.5	1.8	2.0	4.7
Mindtree	ADD	899	1,030	15	148	2.2	165	46	51	60	33	11.7	18	19.6	17.6	14.9	13	10.6	8.9	4.5	3.9	3.3	25	24	24	1.4	1.7	2.0	19.9
Mphasis	REDUCE	994	930	(6)	185	2.7	191	56	63	66	28	12.8	4.2	17.7	15.7	15.1	13	10.9	10.1	3.6	3.2	3.0	20	21	20	2.7	3.0	3.4	3.1
TCS	REDUCE	2,243	1,940	(13)	8,415	122.7	3,790	83	93	101	23	12.1	8.9	27	24	22	20	18	16	9.3	8.7	8.2	35	37	38	1.3	2.9	3.2	94
Tech Mahindra	ADD	701	850	21	622	9.1	901	48	54	61	11.9	12.1	13.1	14.7	13.1	11.6	8.6	7.7	6.6	3.1	2.8	2.4	22	22	23	2.0	2.0	2.3	32
Wipro	REDUCE	284	270	(5)	1,713	25.0	6,021	15.0	18	19	18	17	9.9	19.0	16.2	14.8	12	11.0	9.8	3.0	3.0	2.5	17.2	18.2	18.2	0.5	0.5	0.7	36
IT Services	**Cautious**				**16,096**	**234.7**					**16**	**8.6**	**9.8**	**22**	**19.9**	**18.1**	**15**	**14**	**12**	**5.5**	**5.3**	**4.8**	**26**	**27**	**26**	**1.8**	**2.6**	**2.8**	**319**
Media																													
DB Corp.	ADD	192	210	9	34	0.5	175	16	20	23	(11.0)	30	14.4	12.3	9.4	8.3	6.5	5.1	4.5	1.8	1.9	1.8	14.6	19.9	23	5.2	6.5	7.8	0.2
DishTV	REDUCE	32	33	5	58	0.8	1,925	3.1	0.8	1.3	160	(74.0)	59	10.1	39	24	3.2	3.3	3.0	11	8.5	6.0	83	25	29	—	—	—	10.7
Jagran Prakashan	REDUCE	108	110	2	32	0.5	296	8.9	11.1	13.0	(8.1)	25	17	12.1	9.7	8.3	5.0	4.2	3.5	1.7	1.7	1.6	13.4	17.6	20	4.7	8.4	8.4	0.3
PVR	RS	1,692	—	—	79	1.2	48	37	51	65	38	37	28	46	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	511	575	13	201	2.9	394	36	36	40	26	(0.4)	10.6	14.1	14.1	12.8	9.2	9.0	8.0	3.8	3.4	3.1	29	25	25	2.9	3.4	3.9	18.0
Zee Entertainment Enterprises	REDUCE	356	365	2	342	5.0	960	17	18	20	9.9	10.0	12.5	22	19.6	17.4	12	11.7	10.3	3.8	3.5	3.1	19.2	18.7	18.8	1.0	1.3	1.5	67
Media	**Attractive**				**746**	**10.9**					**22**	**-1.8**	**15.0**	**17.2**	**17.5**	**15.3**	**8.5**	**8.1**	**7.2**	**3.8**	**3.5**	**3.1**	**22**	**19.8**	**20**	**1.7**	**2.2**	**2.5**	**106**
Metals & Mining																													
Hindalco Industries	BUY	207	245	18	465	6.8	2,224	25	22	26	13.0	(12.2)	18	8.4	9.5	8.1	5.5	5.6	5.0	0.8	0.7	0.7	9.8	8.1	8.8	0.6	0.6	0.6	22
Hindustan Zinc	REDUCE	240	220	(8)	1,013	14.8	4,225	19	19	19	(12.4)	(1.5)	1.2	12.7	12.9	12.8	7.9	7.7	7.6	3.0	3.2	3.5	23	24	26	8.3	8.3	8.3	2.7
Jindal Steel and Power	REDUCE	142	150	6	137	2.0	968	(1.7)	2.7	7.0	80	258.8	154	NM	52	20	6.6	6.6	5.9	0.4	0.4	0.4	NM	0.8	2.0	—	—	—	28
JSW Steel	REDUCE	275	255	(7)	665	9.7	2,400	32	16	23	18	(49)	43	8.6	17.1	11.9	5.9	8.3	7.1	1.9	1.8	1.6	24	10.7	14.0	1.5	1.5	1.5	26
National Aluminium Co.	BUY	51	60	19	94	1.4	1,866	9.3	5.3	5.0	81	(42.9)	(5.7)	5.4	9.5	10.1	2.0	3.5	3.6	0.9	0.9	0.9	16.5	9.3	8.6	11.4	6.3	5.9	5.7
NMDC	REDUCE	117	106	(9)	357	5.2	3,062	14.7	14.3	11.2	26	(3)	(21.4)	7.9	8.1	10.4	4.6	4.8	6.0	1.4	1.3	1.2	17.9	16.2	11.8	4.7	4.9	3.9	6.8
Tata Steel	ADD	495	515	4	563	8.2	1,146	91	66	71	31	(27.6)	7.7	5.4	7.5	7.0	5.2	5.6	5.4	0.9	0.8	0.8	16.7	10.9	11.4	2.0	2.0	2.0	78
Vedanta	BUY	171	225	32	636	9.3	3,717	15	26	27	(28.9)	70	2.9	11.1	6.5	6.4	5.6	4.6	4.7	1.0	1.0	1.0	9.1	15.4	15.4	11.0	11.7	11.7	26
Metals & Mining	**Attractive**				**3,930**	**57.3**					**7.5**	**(9.0)**	**8.8**	**9.1**	**10.0**	**9.2**	**5.7**	**5.9**	**5.7**	**1.2**	**1.2**	**1.1**	**13.4**	**11.6**	**12.0**	**5.2**	**5.2**	**5.2**	**60**

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs) 4-Jul-19	Fair Value (Rs)	Upside (%)	Mkt cap. (Rs bn)	Mkt cap. (US$ bn)	O/S shares (mn)	EPS (Rs) 2019	EPS (Rs) 2020E	EPS (Rs) 2021E	EPS growth (%) 2019	EPS growth (%) 2020E	EPS growth (%) 2021E	P/E (X) 2019	P/E (X) 2020E	P/E (X) 2021E	EV/EBITDA (X) 2019	EV/EBITDA (X) 2020E	EV/EBITDA (X) 2021E	P/B (X) 2019	P/B (X) 2020E	P/B (X) 2021E	RoE (%) 2019	RoE (%) 2020E	RoE (%) 2021E	Dividend yield (%) 2019	Dividend yield (%) 2020E	Dividend yield (%) 2021E	ADVT 3mo (US$ mn)
Oil, Gas & Consumable Fuels																													
BPCL	SELL	380	310	(18)	824	12.0	1,967	36	32	34	(10)	(11.6)	5.8	10.5	11.9	11.2	8.0	8.8	8.2	2.0	1.9	1.7	20	16.4	16.0	3.8	3.4	3.6	36
Coal India	BUY	251	290	15	1,547	22.6	6,163	28	31	31	151	10.0	0.5	8.9	8.1	8.0	6.0	6.4	5.9	5.8	5.6	5.3	69	71	68	5.2	10.0	10.0	28
HPCL	SELL	289	220	(24)	440	6.4	1,524	40	28	30	(5)	(29.3)	7.2	7.3	10.3	9.6	6.2	8.8	8.6	1.6	1.4	1.3	23	14.6	14.5	5.5	3.9	4.2	29
IOCL	SELL	157	135	(14)	1,474	21.5	9,442	18	15	16	(12)	(15.8)	5.7	8.7	10.4	9.8	5.4	6.1	5.9	1.4	1.2	1.2	15.5	12.4	12.3	5.7	3.9	4.1	26
Oil India	BUY	178	240	35	193	2.8	1,084	30	33	33	22.0	8.6	(0.2)	5.9	5.4	5.4	3.6	3.4	3.3	0.7	0.7	0.6	11.7	12.4	11.7	5.6	8.3	8.3	3.6
ONGC	BUY	167	210	26	2,102	30.7	12,580	24	25	25	38	3.5	(0.9)	7.0	6.7	6.8	3.8	3.5	3.3	0.9	0.8	0.8	13.0	12.7	11.7	4.2	5.1	5.1	30
Reliance Industries	SELL	1,284	1,100	(14)	7,610	111.0	5,926	66	75	87	11.7	14.3	16	19.5	17.0	14.7	10.5	9.1	7.7	2.0	1.8	1.6	10.4	9.8	10.3	0.5	0.5	0.6	184
Oil, Gas & Consumable Fuels	**Attractive**				**14,190**	**206.9**					**19**	**2.5**	**6.8**	**11.8**	**11.5**	**10.8**	**6.8**	**6.6**	**6.0**	**1.7**	**1.5**	**1.4**	**14.1**	**13.3**	**13.1**	**2.5**	**2.9**	**3.0**	**336**
Pharmaceuticals																													
Aurobindo Pharma	ADD	605	760	26	355	5.2	584	40	61	63	(3.1)	50	3.8	14.9	10.0	9.6	10.1	7.5	6.9	2.5	2.1	1.7	18.5	21	18.1	0.9	1.0	1.2	30
Biocon	SELL	249	185	(26)	299	4.4	1,202	6.1	7.2	8.8	96	18	22	41	35	28	21	18	15	4.5	4.1	3.7	11.8	12.3	12.9	0.9	1.0	1.2	16.1
Cipla	BUY	552	600	9	444	6.5	805	19	27	34	8.3	42	24	29	20	16.4	15	11.5	9.4	2.9	2.6	2.3	10.2	13.4	14.1	0.7	1.0	1.3	19.9
Dr Reddy's Laboratories	REDUCE	2,602	2,450	(6)	432	6.3	166	113	160	153	92	41	-4.5	23	16.2	17.0	14	11.1	8.2	3.1	2.6	2.3	14.1	16.3	13.8	0.8	0.8	0.9	29
Laurus Labs	BUY	352	430	22	38	0.5	106	11.0	20	28	(30.9)	79	43	32	17.9	12.6	14	9.5	7.5	2.4	2.1	1.8	7.6	12.5	14.4	—	—	—	0.3
Lupin	ADD	754	840	11	341	5.0	450	21	30	41	(45)	42	39	36	25	18.2	13	10.7	8.4	2.5	2.3	2.1	6.9	9.3	11.3	0.3	0.6	0.8	22
Sun Pharmaceuticals	ADD	392	460	17	941	13.7	2,406	16	20	24	6.3	23	23	24	19.8	16.0	13	9.8	7.9	2.3	2.1	1.8	9.8	11.0	11.5	0.6	1.0	1.2	41
Torrent Pharmaceuticals	ADD	1,545	1,840	19	261	3.8	169	26	54	71	-35.7	110	32	60	29	22	15	13	10.9	5.5	5.0	4.4	9.2	17.5	20	1.3	1.5	1.7	7.1
Pharmaceuticals	**Neutral**				**3,111**	**45.4**					**4.1**	**39**	**17**	**26**	**18.9**	**16.2**	**14**	**10.4**	**8.6**	**2.8**	**2.5**	**2.2**	**10.7**	**13.1**	**13.6**	**0.7**	**1.0**	**1.2**	**165**
Real Estate																													
Brigade Enterprises	BUY	277	290	5	38	0.6	136	18	22	28	59	27	26	15.7	12.4	9.8	9.8	8.6	6.7	1.7	1.6	1.4	10.8	13.2	14.7	0.9	0.9	0.9	0.3
DLF	ADD	195	200	3	455	6.6	2,207	5.9	8.4	11.1	(76)	41.2	33	33	23	17.5	26	21	17	1.3	1.2	1.2	3.8	5.4	6.9	1.0	1.0	1.0	39
Embassy Office Parks REIT	ADD	380	365	(4)	293	4.3	22,904	0.2	14.8	18	(97)	9,197	20	2,380	26	21	22	19	17	38	1.3	1.3	2.8	5.0	6.2	—	6.0	6.8	0.0
Godrej Properties	NR	946	-	(100)	239	3.5	229	11.0	17	17	2	57	-4.4	86	54	57	148	55	71	8.8	7.6	6.7	10.8	14.9	12.5	—	—	—	9.5
Oberoi Realty	ADD	624	570	(9)	227	3.3	364	22	29	41	24	27	42	28	22	15.4	21	18	11.6	2.8	2.5	2.2	11.6	12.2	15.2	0.3	0.3	0.3	3.9
Prestige Estates Projects	ADD	288	320	11	108	1.6	375	8.7	13.8	21	(12)	59	53	33	21	13.6	13	11.1	8.8	2.6	2.3	2.0	7.3	11.7	15.7	0.5	0.5	0.5	2.1
Sobha	ADD	561	530	(6)	53	0.8	95	31	36	40	36	14.7	11	18.0	15.7	14.1	11.3	11.0	9.9	2.4	2.1	1.9	11.9	14.4	14.3	1.2	1.2	1.2	3.0
Sunteck Realty	REDUCE	476	428	(10)	70	1.0	140	16	27	33	6.0	65	25	29	17.8	14.3	19	12	8.7	2.4	2.1	1.8	8.3	12.4	13.7	0.2	0.2	0.2	2.3
Real Estate	**Neutral**				**1,482**	**21.6**					**(41)**	**56**	**29**	**39**	**25**	**19.2**	**22**	**18**	**14**	**1.9**	**1.8**	**1.7**	**4.9**	**7.3**	**8.9**	**0.5**	**1.7**	**1.8**	**60**
Retailing																													
Aditya Birla Fashion and Retail	BUY	211	220	4	163	2.4	773	4.2	2.8	4.1	173	-33.3	48	51	76	52	32	25	21	11	9.9	8.3	25	13.9	17.5	—	—	—	1.9
Avenue Supermarts	SELL	1,433	965	(33)	895	13.0	624	14.5	20	26	11.9	37	31	99	72	55	55	41	31	16	13	11	17.6	19.9	21	—	—	—	0.0
Titan Company	REDUCE	1,290	1,000	(23)	1,146	16.7	888	17	22	26	32	28	22	77	60	49	53	41	33	19	16	13	27	28	29	0.4	0.5	0.6	36
Retailing	**Cautious**				**2,204**	**32.1**					**32**	**24**	**27**	**81**	**66**	**52**	**51**	**39**	**31**	**17**	**14**	**11**	**21**	**21**	**22**	**0.2**	**0.2**	**0.3**	**38**
Speciality Chemicals																													
Castrol India	SELL	132	145	10	131	1.9	989	7.2	7.7	8.1	4.2	7.7	5.4	18.4	17.1	16.2	12	10.4	9.8	11	10	9.4	65	63	60	3.8	4.2	4.4	2.5
Pidilite Industries	REDUCE	1,227	1,025	(16)	623	9.1	508	18	22	26	(3.9)	26	18	69	55	47	45	36	31	15	13	11	23	25	26	0.5	0.7	0.8	11.8
S H Kelkar and Company	BUY	131	190	45	19	0.3	145	6.1	7.6	9.0	(17.3)	24	19	21	17.3	14.5	16	12	10.3	2.2	2.0	1.9	10.3	12.2	13.3	1.3	1.5	2.1	0.5
SRF	BUY	3,048	2,850	(6)	175	2.6	57	112	141	165	39	26	17	27	22	18.4	15	13	10.8	4.2	3.6	3.1	16.7	18.1	18.1	0.4	0.5	0.5	15.7
Speciality Chemicals	**Neutral**				**948**	**13.8**					**7.0**	**21**	**14.3**	**41**	**34**	**29**	**25**	**20**	**18**	**9.2**	**8.0**	**7.0**	**23**	**24**	**24**	**1.0**	**1.1**	**1.3**	**30**

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE universe stocks

Company	Rating	Price (Rs) 4-Jul-19	Fair Value (Rs)	Upside (%)	Mkt cap. (Rs bn)	Mkt cap. (US$ bn)	O/S shares (mn)	EPS (Rs) 2019	EPS (Rs) 2020E	EPS (Rs) 2021E	EPS growth (%) 2019	EPS growth (%) 2020E	EPS growth (%) 2021E	P/E (X) 2019	P/E (X) 2020E	P/E (X) 2021E	EV/EBITDA (X) 2019	EV/EBITDA (X) 2020E	EV/EBITDA (X) 2021E	P/B (X) 2019	P/B (X) 2020E	P/B (X) 2021E	RoE (%) 2019	RoE (%) 2020E	RoE (%) 2021E	Dividend yield (%) 2019	Dividend yield (%) 2020E	Dividend yield (%) 2021E	ADVT 3mo (US$ mn)
Telecommunication Services																													
Bharti Airtel	ADD	363	380	5	1,861	27.1	3,997	(6.3)	(6.8)	(1.7)	NM	NM	NM	NM	NM	NM	11.6	9.6	8.0	2.0	2.1	2.2	NM	NM	NM	0.7	1.7	1.7	39
Bharti Infratel	REDUCE	263	275	5	486	7.1	1,850	13.1	13.0	14.6	(4.6)	(0.8)	12.2	20	20	18.0	8.2	8.3	7.6	3.3	3.6	3.4	15.4	17.1	19.5	5.9	3.9	4.5	11.8
Vodafone Idea	ADD	12	16	30	355	5.2	8,736	(19.1)	(0.6)	(4.0)	NM	NM	NM	NM	NM	NM	37	12	9.5	0.2	0.4	0.5	NM	NM	NM	—	—	—	19.0
Tata Communications	ADD	463	615	33	132	1.9	285	(10.3)	(0.1)	3.3	NM	99	3,040	NM	NM	142	8.8	8.0	7.4	NM	NM	-318.3	NM	1.8	NM	1.4	1.6	1.6	2.4
Telecommunication Services	**Cautious**				**2,834**	**41.3**					**NM**	**6.6**	**34**	**NM**	**NM**	**NM**	**13**	**10.0**	**8.3**	**1.9**	**1.5**	**1.7**	**NM**	**NM**	**NM**	**1.4**	**1.7**	**1.9**	**73**
Transportation																													
Adani Ports and SEZ	REDUCE	415	398	(4)	860	12.5	2,071	22	23	26	17	8.2	11.8	19.1	17.7	15.8	15	13	11.4	3.5	3.1	2.7	19.7	18.5	18.1	0.5	1.3	1.2	24
Container Corp.	SELL	573	495	(14)	349	5.1	609	16	18	22	12.1	8.2	22	35	32	27	25	19	15	3.4	3.2	3.0	10.1	10.1	11.6	1.5	1.6	1.6	5.7
Gateway Distriparks	BUY	127	180	42	14	0.2	109	6.8	6.9	9.1	(11.1)	2	32	18.8	18.4	13.9	26	8.6	7.2	1.0	1.0	0.9	6.3	5.5	6.7	3.5	2.4	2.4	0.3
Gujarat Pipavav Port	BUY	84	119	42	40	0.6	483	4.3	5.3	6.4	3.6	25	20	19.7	15.8	13.1	9.1	7.8	6.6	2.0	2.0	1.9	10.2	12.6	14.9	4.5	5.6	6.6	0.4
InterGlobe Aviation	REDUCE	1,636	1,575	(4)	629	9.2	383	4	70	98	(93)	1,612	41	401	23	16.6	NM	15	9.5	9.0	6.4	4.8	2.2	32	33	—	0.2	0.6	50
Mahindra Logistics	REDUCE	485	500	3	35	0.5	71	12.5	16	20	26	28	27	39	30	24	23	17	14	7.0	5.9	4.9	19.5	21	22	—	—	—	1.1
Transportation	**Attractive**				**1,927**	**28.1**					**(18)**	**51**	**22**	**32**	**21**	**17.4**	**23**	**14**	**11.1**	**4.2**	**3.6**	**3.2**	**13.2**	**17.1**	**18.1**	**0.6**	**1.1**	**1.2**	**82**
KIE universe					**117,477**	**1712.8**					**11.9**	**30**	**18**	**25**	**19.5**	**16.6**	**11.5**	**10.2**	**9.1**	**2.9**	**2.6**	**2.4**	**11.5**	**13.5**	**14.4**	**1.4**	**1.7**	**1.8**	

Notes:
(a) We have used adjusted book values for banking companies.
(b) 2019 means calendar year 2018, similarly for 2020 and 2021 for these particular companies.
(c) Exchange rate (Rs/US$)= 68.58

Source: Company, Bloomberg, Kotak Institutional Equities estimates

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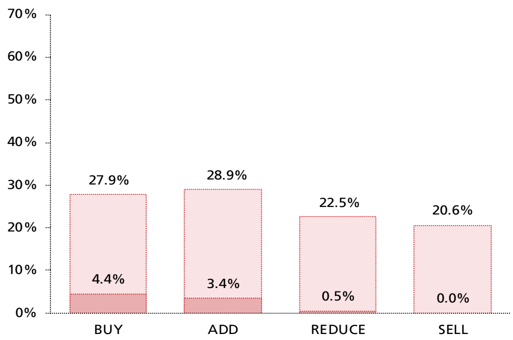

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Source: Kotak Institutional Equities

As of March 31, 2019

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