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Daily Alerts

Company alerts

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ICICI Bank: Winds of change

- ▶ Bakhshi takes charge ending months of speculation at the senior management level
- ▶ Move broadly on expected lines; preference towards internal candidates remains
- ▶ Maintain BUY with unchanged TP

EQUITY MARKETS

| India | Change % | | | |
|--------------------------------|----------|-------|-------|-------|
| | 18-Jun | 1-day | 1-mo | 3-mo |
| Sensex | 35,548 | (0.2) | 2.0 | 8.0 |
| Nifty | 10,800 | (0.2) | 1.9 | 7.0 |
| Global/Regional indices | | | | |
| Dow Jones | 24,987 | (0.4) | 1.1 | 1.5 |
| Nasdaq Composite | 7,747 | 0.0 | 5.3 | 5.5 |
| FTSE | 7,631 | (0.0) | (1.9) | 8.4 |
| Nikkei | 22,587 | (0.4) | (1.5) | 5.1 |
| Hang Seng | 29,959 | (1.2) | (3.5) | (4.9) |
| KOSPI | 2,366 | (0.4) | (3.8) | (4.4) |
| Value traded – India | | | | |
| Cash (NSE+BSE) | 251 | | 338 | 343 |
| Derivatives (NSE) | 2,581 | | 5,322 | 5,889 |
| Deri. open interest | 2,621 | | 3,926 | 4,009 |

Forex/money market

| | Change, basis points | | | |
|-------------------|----------------------|-------|------|------|
| | 18-Jun | 1-day | 1-mo | 3-mo |
| Rs/US\$ | 68.0 | (3) | (40) | 276 |
| 10yr govt bond, % | 8.1 | (6) | - | 17 |

Net investment (US\$ mn)

| | 15-Jun | MTD | CYTD |
|-----|--------|-------|-------|
| FIs | (242) | (286) | (531) |
| MFs | 14 | 286 | 9,350 |

Top movers

| Best performers | Change, % | | | |
|-----------------|-----------|-------|-------|------|
| | 18-Jun | 1-day | 1-mo | 3-mo |
| TCS IN Equity | 1,829 | (0.6) | 4.5 | 29.2 |
| UBBL IN Equity | 1,284 | 1.1 | 13.3 | 29.0 |
| SAIL IN Equity | 87 | 1.6 | 18.1 | 26.2 |
| NEST IN Equity | 9,619 | (1.3) | (0.7) | 25.5 |
| KMB IN Equity | 1,315 | (1.8) | 1.6 | 25.4 |

Worst performers

| | | | | |
|----------------|-----|-------|--------|--------|
| HDIL IN Equity | 23 | (1.3) | (20.0) | (46.1) |
| RCOM IN Equity | 15 | (1.9) | (1.0) | (34.1) |
| UT IN Equity | 5 | (3.2) | (1.1) | (25.4) |
| VEDL IN Equity | 232 | (2.7) | (14.1) | (24.4) |
| JPA IN Equity | 15 | 6.6 | (11.7) | (21.2) |

JUNE 19, 2018
UPDATE

Coverage view: **Cautious**

Price (₹): **1,267**

Target price (₹): **1,350**

BSE-30: **35,548**

On the right path; keep an eye on attrition though. Infosys' growth normalization has two tracks—track one is quick wins part of which will lay the foundation of creating a virtuous cycle of growth and people retention and track two is executing on a four-pillar strategy laid out by the CEO. Infosys is taking the right steps on track one even as close scrutiny is required on attrition. The company has started rolling out investments to successfully execute track two. The stock's relatively attractive valuations and progress towards growth normalization, keep us constructive. Maintain ADD rating.

Company data and valuation summary

Infosys

Stock data

52-week range (Rs) (high,low) 1,292-853

Market Cap. (Rs bn) 2,768.2

Shareholding pattern (%)

Promoters 12.9

FIs 52.7

MFs 10.6

Price performance (%)

Absolute 1M 3M 12M 8.0 9.0 35.9

Rel. to BSE-30 7.9 3.8 18.9

Forecasts/Valuations

2018 2019E 2020E

EPS (Rs) 64.6 69.8 76.5

EPS growth (%) 3.0 8.1 9.5

P/E (X) 19.6 18.1 16.6

Sales (Rs bn) 705.2 798.6 875.2

Net profits (Rs bn) 146.0 151.9 166.3

EBITDA (Rs bn) 190.1 206.5 225.9

EV/EBITDA (X) 13.5 12.4 11.1

ROE (%) 21.8 22.7 23.1

Div. Yield (%) 2.2 3.4 3.1

On track to achieve near-term financial objectives

Leadership changes cause attendant challenges on momentum and people retention. Quick wins are a must to give comfort to employees on the health of business and create a virtuous cycle of growth feeding into employee confidence, which in turn propels growth. Infosys has done a reasonable job up to now of defending its share of business in large accounts and accelerating deals wins (TCV in March 2018 quarter was at an eight-quarter high). Key verticals such as banking, which is a challenge for other IT companies, will grow for Infosys led by wins/ramp-ups in the Europe geography. These factors combine implies that Infosys is comfortably placed to achieve 6-8% revenue growth guidance. Attrition, however, continues to be a concern and can derail the momentum. The leadership bench of the company has thinned out due to exits in the past few years. Recent exits of Sangita Singh (head of the healthcare vertical) and Nitesh Banga (head of manufacturing) are not a good sign.

Medium-term growth objectives predicated on success in digital

Infosys identified the shift to digital early. However, Infosys has lost some mindshare and relative positioning in digital over the past 15-18 months owing to distractions and talent attrition associated with leadership changes. We believe the industry is on the verge of a gradual transition from pilot projects to large-scale digital programs. Infosys needs to accelerate its digital transformation journey—it needs to engage with industry analysts more extensively, step up hiring of next-gen talent and look at tuck-in acquisitions that help it bridge gaps in digital. That said, the gap is not material and Infosys can catch up quickly. Success in digital will decide the sustainability of growth; Infosys has identified the gaps and is working towards bridging it.

Rupee gains will not be reinvested but flow through the P&L

Infosys announced a cut in margin band by 100 bps to 22-24% in April 2018 to create more sustainable growth opportunities. Rupee has depreciated since this announcement. It seems that the company will not reinvest rupee depreciation gains; instead these gains will flow through P&L creating near-term upside to EPS estimates. We maintain our constructive view on the stock; inexpensive valuations combined with broad progress on turnaround keep us positive.

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Attrition is the key focus area

Infosys' attrition has been higher than competition barring a brief period under the earlier CEO. High attrition can be attributed to multiple factors in the past such as change in strategy and performance management systems, perceived underperformance of a few leaders leading to counseling them out and CEO changes in itself. The net result is that the leadership strength has thinned out. Exhibit 2 details the key exits from Infosys over the past three years.

The new CEO has inherited a thinned-out leadership that requires augmentation. In the interim the company requires stability in leadership ranks. Recent exits of Sangita Singh (head of healthcare vertical) and Nitesh Banga (head of manufacturing) are not a good sign. We will keep a close eye on attrition numbers and exits at the leadership rank; controlling this will be critical to achieving much-desired industry-leading revenue growth rates.

Investment in business is a step in the right direction

Infosys had cut margin guidance band by 100 bps to 22-24% from 23-25% earlier. The cut in guidance band is to reflect—(1) acceleration of investments in select digital competences, (2) localization of talent and (3) revitalization of sales. We note these investments are to accelerate revenue growth beyond the base growth of FY2019E and not simply sustain it. In effect, investments are an offensive strategy to capture the rapid shift in client spending towards digital projects. The company will roll out these investments progressively over the next 12 months, benefits of which will be visible in growth going forward.

Infosys will, however, not use the recent rupee depreciation to increase quantum of investments. Instead the benefits of rupee depreciation will flow through the P&L in the near term.

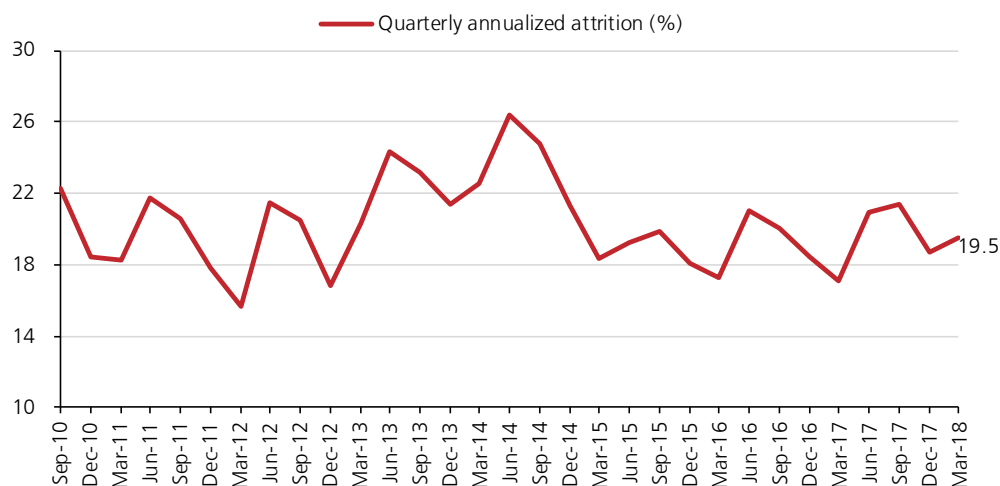
A quick recap of Infosys' new growth strategy

Infosys' growth strategy is four-pronged.

- ▶ Scale agile digital business. Infosys derived US\$2.8 bn of revenues in FY2018 through digital services. This portfolio is growing faster and is more profitable than company average. Digital constitutes 25.5% of overall revenues. The five building blocks of digital strategy are—(1) experience layer, which cuts across other four layers of Infosys' digital architecture. The company has created a string of pearls that embed design, strategy, Ux and creative work. Talent pool is different and deployed from design schools, creative agencies and includes refactoring of talent. Infosys has acquired design studios and creative ad agencies to augment capabilities, (2) insight layer—embedded AI and ML and leveraging IP-led differentiation to deliver insights, (3) innovate layer through several vertical industry platforms and digital product engineering, (4) accelerate the digital journey by transforming the core through cloud migration, automation, legacy modernization and digital systems integration and (5) assure by securing the core.
- ▶ Energize the core by applying intense automation and AI to improve productivity and apply and use its market-leading AI-platform NIA.
- ▶ Reskilling of employees. To reskill employees, Infosys provides anytime, anywhere tools for enabling employees to be ready for the clients' needs of the future.
- ▶ Localization. Infosys wants to continue localization in key markets, especially in the US by building delivery centers and training centers and then hiring locally. The company has a set of local development centers in Indiana and Connecticut and has plans to expand into other cities. Infosys has hired 4,000 of the proposed 10,000 locals in the US at an average cost that is lower than existing cost of H-1B hires. Part of the lower cost can be attributed to weightage of hiring towards lower experience profile talent. The company intends to pursue a similar approach in Europe and Australia.

Most companies have a similar strategy for growth. What truly differentiates one company from another is in execution, a key priority for Infosys CEO.

Exhibit 1: Attrition trend stays elevated and has scope for reduction



Source: Company, Kotak Institutional Equities

Exhibit 2: Key senior management exits at Infosys in the past 2-3 years

| Date | Name | Designation |
|--------|--------------------|--|
| Jun-18 | Sangita Singh | Executive VP ,Head of Healthcare & Lifesciences |
| Jun-18 | Nitesh Banga | SVP -Global head of manufacturing and Edge products |
| Jan-18 | Rajesh K Murthy | President, Head— Energy, Resources, Utilities, Communications & Services |
| Oct-17 | Pervinder Johar | CEO- Edgeverve |
| Oct-17 | Abdul Razack | Head- Platforms, Big Data and analytics |
| Sep-17 | Navin Budhiraja | SVP - Head Architecture and Technology |
| Sep-17 | Sanjay Rajagopalan | SVP - Design and research |
| Aug-17 | Dr Vishal Sikka | CEO and MD |
| Jun-17 | Sandeep Dadlani | President, Head of Manufacturing, Retail, CPG and logistics |
| Jun-17 | Gordon Muehl | Industrial Internet business head |
| Jan-17 | David Kennedy | Chief Compliance Officer |
| Sep-16 | Sanjay Purohit | EVP and Global head of consulting |
| Jul-16 | Sunil Gupta | Infosys Edgeverve and Finacle COO |
| Jul-16 | Vasudeva Nayak | SVP - Global Head Mobility and assurance |
| Jul-16 | Samson David | SVP, Global head- cloud, infrastructure and security |
| Jul-16 | Anup Uppadhyay | Executive VP, Head of Strategic sales |
| Jul-16 | Manish Tandon | Executive VP, Head of Healthcare, Lifesciences and Hi-Tech |
| Jan-16 | Michael Reh | Head- Edgeverve and Finacle |
| Oct-15 | Rajiv Bansal | CFO |
| Oct-15 | Ronald Hafner | CEO/Partner, Lodestone |
| Jul-15 | Sanjay Jalona | Executive VP, Head of Manufacturing and Hi-Tech |

Source: Company, Kotak Institutional Equities

Exhibit 3: Infosys: key client metrics are steady

| | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 | Jun-17 | Sep-17 | Dec-17 | Mar-18 |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Client metrics | | | | | | | | | | | | |
| Number of active clients | 987 | 1,011 | 1,045 | 1,092 | 1,126 | 1,136 | 1,152 | 1,162 | 1,164 | 1,173 | 1,191 | 1,204 |
| New clients added in the period | 79 | 82 | 75 | 89 | 95 | 78 | 77 | 71 | 59 | 72 | 79 | 73 |
| Repeat business % | 98.4 | 97.6 | 96.8 | 95.8 | 98.8 | 97.5 | 96.7 | 96.2 | 99.4 | 98.7 | 98.3 | 97.6 |
| Million \$ clients | 535 | 542 | 555 | 558 | 574 | 577 | 591 | 598 | 606 | 620 | 630 | 634 |
| 5 Million \$ clients | 248 | 258 | 261 | 268 | 268 | 277 | 275 | 282 | 279 | 286 | 290 | 295 |
| 25 Million \$ clients | 83 | 85 | 89 | 88 | 87 | 89 | 90 | 91 | 97 | 100 | 101 | 105 |
| 50 Million \$ clients | 49 | 50 | 51 | 52 | 52 | 54 | 54 | 56 | 56 | 55 | 56 | 57 |
| 75 Million \$ clients | 28 | 31 | 28 | 31 | 31 | 30 | 32 | 31 | 31 | 31 | 34 | 35 |
| 100 Million \$ clients | 14 | 14 | 13 | 14 | 17 | 18 | 18 | 19 | 18 | 19 | 20 | 20 |
| 200 Million \$ clients | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | NA | NA | NA | NA |
| 300 Million \$ clients | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | NA | NA | NA | NA |

Source: Company, Kotak Institutional Equities

Exhibit 4: Infosys: solid revenue growth from large accounts

| | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 | Jun-17 | Sep-17 | Dec-17 | Mar-18 | 4 qtr CQGR (%) |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------------|
| Revenue (US\$ mn) | | | | | | | | | | | | | |
| Top client | 83 | 89 | 84 | 88 | 90 | 91 | 79 | 85 | 87 | 93 | 94 | 101 | 4.5 |
| Top 10 clients | 519 | 545 | 544 | 533 | 555 | 564 | 513 | 519 | 530 | 532 | 529 | 539 | 0.9 |
| Top 25 clients | | | | | 950 | 957 | 926 | 938 | 954 | 982 | 973 | 993 | 1.4 |
| Ex- Top 10 clients | 1,737 | 1,847 | 1,863 | 1,913 | 1,946 | 2,023 | 2,038 | 2,050 | 2,121 | 2,196 | 2,226 | 2,266 | 2.5 |
| Total | 2,256 | 2,392 | 2,407 | 2,446 | 2,501 | 2,587 | 2,551 | 2,569 | 2,651 | 2,728 | 2,755 | 2,805 | 2.2 |
| Growth (qoq %) | | | | | | | | | | | | | |
| Top client | 10.5 | 6.0 | (4.8) | 4.5 | 2.2 | 0.6 | (12.7) | 7.2 | 3.2 | 6.0 | 1.0 | 7.8 | |
| Top 10 clients | 5.9 | 5.1 | (0.3) | (2.0) | 4.1 | 1.6 | (9.1) | 1.2 | 2.2 | 0.3 | (0.6) | 1.8 | |
| Top 25 clients | | | | | | 0.7 | (3.3) | 1.3 | 1.8 | 2.9 | (1.0) | 2.1 | |
| Ex- Top 10 clients | 4.1 | 6.3 | 0.9 | 2.7 | 1.7 | 4.0 | 0.8 | 0.6 | 3.5 | 3.5 | 1.4 | 1.8 | |
| Total | 4.5 | 6.0 | 0.6 | 1.6 | 2.2 | 3.4 | (1.4) | 0.7 | 3.2 | 2.9 | 1.0 | 1.8 | |

Source: Company, Kotak Institutional Equities

Exhibit 5: Condensed consolidated financials for Infosys, March fiscal year-ends, 2014-21E (Rs mn)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019E | 2020E | 2021E |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Profit model | | | | | | | | |
| Revenues | 501,330 | 533,190 | 624,410 | 684,850 | 705,220 | 798,574 | 875,218 | 971,420 |
| EBITDA | 136,340 | 149,010 | 170,780 | 186,050 | 190,100 | 206,470 | 225,919 | 251,230 |
| Depreciation | (13,740) | (10,690) | (14,590) | (17,030) | (18,620) | (19,216) | (21,047) | (22,614) |
| Other income | 26,690 | 34,270 | 31,250 | 30,790 | 31,930 | 22,257 | 24,500 | 27,426 |
| Pretax profits | 149,291 | 172,591 | 187,441 | 199,811 | 203,411 | 209,513 | 229,373 | 256,042 |
| Tax | (40,620) | (49,290) | (52,520) | (55,980) | (56,740) | (57,616) | (63,077) | (71,692) |
| Profit after tax | 108,671 | 123,301 | 134,921 | 143,831 | 146,671 | 151,897 | 166,296 | 184,351 |
| Diluted earnings per share (Rs) | 46.6 | 53.9 | 59.0 | 62.7 | 64.6 | 69.8 | 76.5 | 84.8 |
| Balance sheet | | | | | | | | |
| Total equity | 445,300 | 507,360 | 578,260 | 689,820 | 649,230 | 687,596 | 752,106 | 832,060 |
| Assets held for sale | — | — | — | — | 3,240 | 3,240 | 3,240 | 3,240 |
| Minority interest | — | — | — | — | 10 | 10 | 10 | 10 |
| Current liabilities | 124,360 | 155,530 | 173,150 | 141,660 | 141,010 | 143,634 | 149,199 | 156,184 |
| Total liabilities and equity | 569,660 | 662,890 | 751,410 | 831,480 | 793,490 | 834,480 | 904,554 | 991,494 |
| Cash | 259,500 | 303,670 | 326,970 | 226,250 | 198,180 | 214,156 | 258,847 | 315,049 |
| Other current assets | 180,240 | 209,940 | 258,790 | 276,940 | 299,660 | 321,202 | 343,359 | 371,113 |
| Deferred taxation | 6,290 | 5,360 | 5,330 | 3,330 | 7,410 | 7,410 | 7,410 | 7,410 |
| Goodwill | 22,440 | 35,950 | 44,760 | 36,520 | 22,110 | 22,110 | 22,110 | 22,110 |
| Tangible fixed assets | 70,950 | 85,270 | 96,640 | 124,920 | 144,500 | 147,971 | 151,198 | 154,181 |
| Investments | 30,240 | 22,700 | 18,920 | 163,520 | 121,630 | 121,630 | 121,630 | 121,630 |
| Total assets | 569,660 | 662,890 | 751,410 | 831,480 | 793,490 | 834,480 | 904,554 | 991,494 |
| Free cash flow | | | | | | | | |
| Operating cash flow, excl. working capital | 93,920 | 91,610 | 120,090 | 126,080 | 124,854 | 148,545 | 162,841 | 179,538 |
| Working capital changes | (2,810) | (8,420) | (21,460) | (16,240) | (1,114) | (18,919) | (16,591) | (20,769) |
| Capital expenditure | (27,450) | (22,550) | (27,230) | (27,600) | (19,980) | (22,377) | (24,274) | (25,598) |
| Acquisitions | — | (13,760) | (7,470) | — | (600) | — | — | — |
| Other income | 23,800 | 25,510 | 23,810 | 29,570 | 31,930 | 22,257 | 24,500 | 27,426 |
| Free cash flow | 87,460 | 72,390 | 87,740 | 111,810 | 135,090 | 129,506 | 146,476 | 160,597 |
| Key ratios and assumptions | | | | | | | | |
| Revenue growth (US\$ terms) (%) | 11.5 | 5.6 | 9.1 | 7.4 | 7.2 | 7.9 | 9.0 | 9.4 |
| Re/US\$ rate | 60.8 | 61.2 | 65.7 | 67.1 | 64.5 | 67.6 | 68.0 | 69.0 |
| EBITDA margin (%) | 27.2 | 27.9 | 27.4 | 27.2 | 27.0 | 25.9 | 25.8 | 25.9 |
| EBIT margin (%) | 24.5 | 25.9 | 25.0 | 24.7 | 24.3 | 23.4 | 23.4 | 23.5 |
| RoAE | 26.3 | 25.9 | 24.9 | 22.7 | 21.9 | 22.7 | 23.1 | 23.3 |
| RoIC | 59.5 | 58.7 | 54.4 | 45.7 | 39.3 | 39.9 | 41.1 | 42.9 |

Source: Company, Kotak Institutional Equities estimates

JUNE 19, 2018
UPDATE

Coverage view: **Attractive**

Price (₹): **293**

Target price (₹): **400**

BSE-30: **35,548**

Winds of change. ICICI Bank has made changes at the senior management level with the appointment of Mr. Sandeep Bakhshi as ED and COO of the bank to oversee all operations of the group while Mr. N S Kannan has been appointed MD and CEO of the life insurance business. Ms. Kochhar will remain on leave till the independent investigation is completed. Given the recent news flows, we see this as a positive and important development that aims to address a few key concerns. Maintain BUY.

Company data and valuation summary

ICICI Bank

Stock data

52-week range (Rs) (high,low) 366-255

Market Cap. (Rs bn) 1,884.1

Shareholding pattern (%)

Promoters 0.0

FIs 60.6

MFs 17.2

Price performance (%)

Absolute 1M 3M 12M

Rel. to BSE-30 2.4 (1.7) 1.8

2.4 (6.4) (10.9)

Forecasts/Valuations

2018 2019E 2020E

EPS (Rs) 10.5 15.4 25.4

EPS growth (%) (31.1) 46.5 64.1

P/E (X) 27.8 19.0 11.6

NII (Rs bn) 230.3 248.7 287.1

Net profits (Rs bn) 67.8 99.3 163.0

BVPS 130.1 148.6 174.5

P/B (X) 2.3 2.0 1.7

ROE (%) 6.6 9.1 13.7

Div. Yield (%) 0.5 1.1 1.7

Bakhshi takes charge ending months of speculation at the senior management level

As per the press release issued late last evening, the Board of Directors has appointed Mr. Sandeep Bakhshi as Wholetime Director and Chief Operating Officer designate of ICICI Bank. His appointment will be for a period of five years, subject to the usual regulatory approvals. He will be responsible for all the businesses and corporate centre functions of the bank and all executive directors and management would report to him. Mr. Bakhshi will report to Ms. Chanda Kochhar who will continue in her role as MD and CEO of the bank. The MD has been placed on leave till the completion of the enquiry. Mr. N S Kannan, who is currently an Executive Director at the bank, will move to their life insurance subsidiary as MD and CEO.

Move broadly on expected lines; preference towards internal candidates remains

Over the last few weeks, the board of ICICI Bank has taken a few strong steps to address a key concern that has been a key headwind for the stock, beginning with the appointment of a team led by Justice BN Srikrishna to examine a complaint by a whistle blower relating to conflict of interest and quid pro quo in the course of work with certain borrowers of the bank. Yesterday's announcement of an interim change to the senior management addresses the concerns on business continuity.

While Mr. Bakhshi has strong credentials backing him to lead the bank, the preference of internal candidates to lead various business operations continues at the bank. Mr. Bakhshi (58 years) started his career in 1986 and has experience in corporate and retail businesses. He was the MD and CEO of ICICI Lombard General Insurance between 2002 and 2009. He later moved back to the bank as deputy MD overlooking the wholesale and SME business. He became the MD of ICICI Prudential Life Insurance beginning August 1, 2010.

Maintain BUY with unchanged TP

We view the recent development as an important step to address a key concern that has been a headwind to the stock in recent months. The bank is making some painful adjustments in its loan portfolio which has slowed growth led by large recognition of bad loans, shift towards better rated corporates as well as building a granular retail and SME business funded by a solid low cost liability franchise. We maintain our BUY rating with TP at ₹400 (TP unchanged).

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Exhibit 24: ICICI Bank SOTP (FY2020) valuation

| | ICICI share (%) | FY2020 (Rs) | Valuation methodology |
|--------------------------------------|--------------------|-------------|--------------------------------|
| Value of ICICI standalone | 100.0 | 285 | Based on residual growth model |
| Subsidiaries | | | |
| ICICI Financial Services | | 88 | |
| ICICI Prudential Life | 54.9 | 54 | 2.9X Embedded Value |
| General insurance | 56.8 | 22 | 4.5X FY2020 PBR |
| Mutual funds | 51.0 | 12 | 5.5% of AUMs |
| Other subsidiaries/associates | | | |
| ICICI Securities | 74.0 | 9 | 15X FY2020 PER |
| ICICI Securities Primary Dealer | 100.0 | 2 | 1X FY2020 PBR |
| ICICI Homes | 100.0 | 4 | 1.5X FY2020 PBR |
| ICICI Bank UK | 100.0 | 3 | 0.6X FY2020 PBR |
| ICICI Bank Canada | 100.0 | 3 | 0.6X FY2020 PBR |
| Venture capital/MF | 100.0 | 2 | 10% of AUM of US\$2 bn |
| Value of subsidiaries | | 111 | |
| Value of company | | 396 | |

Source: Company, Kotak Institutional Equities estimates

Exhibit 25: ICICI Bank --forecasts and valuation

March fiscal year-ends, 2013-2021E

| | PAT | EPS | P/E | BVPS | P/B | RoE | Core RoE | P/E (standalone) | ABVPS (standalone) | P/B (standalone) |
|-------|---------|------|------|------|-----|------|----------|---------------------|-----------------------|---------------------|
| | (Rs bn) | (Rs) | (X) | (Rs) | (X) | (%) | (%) | (X) | (Rs) | (X) |
| 2013 | 83 | 13 | 22.3 | 105 | 2.8 | 13.1 | 14.7 | 16 | 83 | 2.2 |
| 2014 | 98 | 15 | 19.0 | 115 | 2.5 | 14.0 | 14.9 | 13.5 | 92 | 2.0 |
| 2015 | 113 | 18 | 16.5 | 126 | 2.3 | 14.7 | 15.0 | 11.9 | 101 | 1.8 |
| 2016 | 97 | 15 | 19.4 | 139 | 2.1 | 11.4 | 11.1 | 14.3 | 104 | 1.7 |
| 2017 | 98 | 15 | 19.2 | 156 | 1.9 | 10.9 | 10.0 | 13.9 | 108 | 1.7 |
| 2018E | 68 | 11 | 27.8 | 164 | 1.8 | 6.6 | 6.1 | 20.7 | 113 | 1.6 |
| 2019E | 99 | 15 | 19.0 | 175 | 1.7 | 9.1 | 8.8 | 13.4 | 132 | 1.4 |
| 2020E | 163 | 25 | 11.6 | 195 | 1.5 | 13.7 | 13.6 | 7.8 | 159 | 1.1 |
| 2021E | 199 | 31 | 9.5 | 219 | 1.3 | 15.0 | 14.9 | 7.8 | 187 | 1.0 |

Source: Company, Kotak Institutional Equities estimates

Exhibit 26: ICICI Bank income statement and balance sheet

March fiscal year-ends, 2015-2020E (₹ mn)

| | 2016 | 2017 | 2018E | 2019E | 2020E | 2021E |
|--|-------------|-------------|------------|------------|-------------|-------------|
| Growth rates (%) | | | | | | |
| Net loan growth | 12.3 | 6.7 | 10.4 | 12.6 | 13.8 | 13.7 |
| Customer assets growth | 10.7 | 6.5 | 9.7 | 11.9 | 13.1 | 13.1 |
| Corporate loans | 3.9 | (0.9) | 1.0 | 8.5 | 9.9 | 10.2 |
| Total retail loans | 22.7 | 14.5 | 18.8 | 15.8 | 16.7 | 16.1 |
| Deposits growth | 16.6 | 16.3 | 14.5 | 14.2 | 17.6 | 16.1 |
| Borrowings growth | (2.6) | (27.1) | 45.3 | (6.2) | (5.0) | (3.4) |
| Net interest income | 11.5 | 2.4 | 5.9 | 8.0 | 15.4 | 15.2 |
| Loan loss provisions | 226.1 | 29.1 | 20.6 | (43.3) | (46.5) | (6.3) |
| Non-interest income | 25.8 | 27.3 | (10.7) | (8.7) | 15.0 | 13.2 |
| Net fee income | 6.9 | 7.7 | 4.2 | 24.4 | 13.9 | 13.9 |
| Net capital gains | 145.1 | 127.2 | (32.7) | (70.7) | 17.6 | - |
| Total income | 17.1 | 12.8 | (1.9) | 0.8 | 15.3 | 14.4 |
| Operating expenses | 10.3 | 16.3 | 6.4 | 8.1 | 10.7 | 10.6 |
| Employee expenses | 5.3 | 14.6 | 3.2 | 9.5 | 10.3 | 9.6 |
| DMA | 18.0 | 18.6 | 10.8 | 22.8 | 19.6 | 19.6 |
| Asset management measures (%) | | | | | | |
| Yield on average earning assets | 8.7 | 8.4 | 7.6 | 7.5 | 7.6 | 7.7 |
| Interest on advances | 9.5 | 8.8 | 8.4 | 8.4 | 8.5 | 8.7 |
| Interest on investments | 7.2 | 7.6 | 6.8 | 6.7 | 6.9 | 7.0 |
| Average cost of funds | 5.6 | 5.4 | 4.7 | 4.7 | 4.7 | 4.8 |
| Interest on deposits | 5.5 | 5.0 | 4.3 | 4.7 | 4.9 | 5.0 |
| Other interest | 5.7 | 6.4 | 6.1 | 4.7 | 3.7 | 3.6 |
| Difference | 3.2 | 3.0 | 2.9 | 2.8 | 2.9 | 2.9 |
| Net interest income/earning assets | 3.5 | 3.4 | 3.2 | 3.0 | 3.1 | 3.2 |
| New provisions/average net loans | 2.7 | 3.2 | 3.7 | 1.8 | 0.9 | 0.7 |
| Loans-to-deposit ratio | 73.3 | 75.4 | 68.9 | 71.1 | 71.7 | 72.4 |
| Share of deposits | | | | | | |
| Current | 14.0 | 15.3 | 15.9 | 15.0 | 14.3 | 13.8 |
| Fixed | 54.2 | 49.6 | 48.3 | 50.5 | 52.4 | 53.9 |
| Savings | 31.9 | 35.1 | 35.8 | 34.5 | 33.3 | 32.4 |
| Tax rate | 20.2 | 13.1 | 8.8 | 29.0 | 29.0 | 29.0 |
| Dividend payout ratio | 29.9 | 29.7 | 14.2 | 20.0 | 20.0 | 20.0 |
| Asset quality metrics (%) | | | | | | |
| Gross NPL | 5.7 | 8.5 | 9.6 | 8.0 | 6.4 | 5.0 |
| Net NPL | 3.0 | 5.4 | 5.4 | 3.8 | 2.4 | 1.6 |
| Slippages | 4.3 | 7.7 | 6.4 | 2.0 | 1.4 | 1.4 |
| Provision coverage (ex write-off) | 47.6 | 35.8 | 43.3 | 53.2 | 63.2 | 67.3 |
| RoA composition - % of average assets | | | | | | |
| Net interest income | 3.1 | 3.0 | 2.8 | 2.7 | 2.8 | 2.9 |
| Loan loss provisions | 1.6 | 2.0 | 2.1 | 1.1 | 0.5 | 0.4 |
| Net other income | 2.3 | 2.7 | 2.1 | 1.7 | 1.8 | 1.8 |
| Operating expenses | 1.9 | 2.1 | 1.9 | 1.8 | 1.8 | 1.8 |
| (1- tax rate) | 79.8 | 86.9 | 91.2 | 71.0 | 71.0 | 71.0 |
| RoA | 1.4 | 1.4 | 0.8 | 1.1 | 1.6 | 1.7 |
| Average assets/average equity | 8.0 | 7.7 | 7.9 | 8.4 | 8.5 | 8.6 |
| RoE | 11.4 | 10.9 | 6.6 | 9.1 | 13.7 | 15.0 |

Source: Company, Kotak Institutional Equities estimates

Exhibit 27: ICICI Bank, growth rates, key ratios and Du Pont analysis
March fiscal year-ends, 2016-2021E (%)

| | 2016 | 2017 | 2018E | 2019E | 2020E | 2021E |
|-------------------------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| Total interest income | 527,394 | 541,563 | 549,659 | 613,901 | 691,631 | 796,482 |
| Interest on advances | 389,432 | 396,034 | 408,662 | 459,720 | 526,433 | 612,100 |
| Interest on investments | 106,253 | 113,771 | 115,682 | 129,909 | 140,419 | 158,844 |
| Total interest expense | 315,154 | 324,190 | 319,400 | 365,187 | 404,576 | 465,904 |
| Deposits from customers | 215,488 | 228,717 | 225,148 | 281,043 | 343,322 | 407,764 |
| Net interest income | 212,240 | 217,373 | 230,259 | 248,714 | 287,055 | 330,578 |
| Loan loss provisions | 111,127 | 143,470 | 173,070 | 98,054 | 52,442 | 49,126 |
| Net interest income (after prov.) | 101,114 | 73,903 | 57,189 | 150,660 | 234,613 | 281,452 |
| Other income | 153,231 | 195,045 | 174,196 | 158,988 | 182,824 | 206,897 |
| Net fee income | 74,617 | 80,349 | 83,762 | 104,217 | 118,715 | 135,273 |
| Net capital gains | 37,954 | 86,232 | 58,020 | 17,000 | 20,000 | 20,000 |
| Miscellaneous income | 2,592 | 721 | 6,155 | 7,693 | 9,616 | 12,021 |
| Operating expenses | 126,836 | 147,551 | 157,044 | 169,770 | 187,873 | 207,753 |
| Employee expense | 50,023 | 57,337 | 59,144 | 64,763 | 71,418 | 78,285 |
| DMA | 9,340 | 11,078 | 12,277 | 15,078 | 18,032 | 21,568 |
| Pre-tax income | 121,959 | 112,787 | 74,341 | 139,879 | 229,564 | 280,596 |
| Tax provisions | 24,694 | 14,775 | 6,571 | 40,565 | 66,574 | 81,373 |
| Net profit | 97,264 | 98,012 | 67,770 | 99,314 | 162,991 | 199,223 |
| % growth | (13.9) | 0.8 | (30.9) | 46.5 | 64.1 | 22.2 |
| PBT+provision-treasury gains | 200,681 | 172,545 | 189,391 | 220,933 | 262,006 | 309,722 |
| % growth | 10.4 | (14.0) | 9.8 | 16.7 | 18.6 | 18.2 |
| Balance sheet (Rs mn) | | | | | | |
| Cash and bank balance | 530,266 | 469,000 | 841,694 | 888,230 | 994,682 | 1,111,673 |
| Cash | 65,797 | 71,939 | 79,133 | 90,334 | 106,265 | 123,348 |
| Balance with RBI | 205,263 | 245,085 | 331,541 | 362,189 | 409,139 | 461,121 |
| Balance with banks | 2,446 | 3,801 | 4,181 | 4,600 | 5,059 | 5,565 |
| Outside India | 256,759 | 148,175 | 426,838 | 431,107 | 474,217 | 521,639 |
| Net value of investments | 1,604,118 | 1,615,065 | 2,029,942 | 2,058,272 | 2,265,859 | 2,494,057 |
| Investments in India | 1,522,607 | 1,541,700 | 1,829,373 | 1,859,544 | 2,068,880 | 2,300,401 |
| Govt. and other securities | 1,106,493 | 1,104,084 | 1,387,862 | 1,410,987 | 1,613,137 | 1,837,328 |
| Shares | 19,874 | 27,419 | 27,419 | 27,419 | 27,419 | 27,419 |
| Subsidiaries | 64,218 | 62,405 | 61,815 | 61,815 | 61,815 | 61,815 |
| Debentures and bonds | 92,742 | 100,750 | 102,765 | 104,820 | 106,917 | 109,055 |
| Net loans and advances | 4,352,639 | 4,642,321 | 5,123,953 | 5,770,948 | 6,568,233 | 7,467,691 |
| Corporate loans | 2,221,939 | 2,201,941 | 2,224,953 | 2,413,271 | 2,651,007 | 2,920,113 |
| Total retail loans | 2,130,700 | 2,440,380 | 2,899,000 | 3,357,677 | 3,917,226 | 4,547,578 |
| Fixed assets | 75,770 | 78,052 | 79,035 | 57,701 | 51,514 | 44,476 |
| Net leased assets | 2,415 | 2,415 | 1,218 | 1,035 | 880 | 748 |
| Net owned assets | 73,355 | 75,637 | 72,990 | 56,665 | 50,634 | 43,728 |
| Other assets | 575,737 | 625,345 | 717,268 | 788,995 | 867,894 | 954,684 |
| Total assets | 7,138,531 | 7,429,784 | 8,791,892 | 9,564,146 | 10,748,183 | 12,072,582 |
| Deposits | 4,214,257 | 4,900,390 | 5,609,752 | 6,403,789 | 7,533,152 | 8,744,128 |
| Borrowings and bills payable | 1,726,711 | 1,258,196 | 1,828,586 | 1,715,629 | 1,629,596 | 1,573,764 |
| Preference capital | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 |
| Other liabilities | 300,207 | 271,688 | 301,964 | 317,062 | 332,915 | 349,561 |
| Total liabilities | 6,241,175 | 6,430,274 | 7,740,302 | 8,436,480 | 9,495,663 | 10,667,453 |
| Paid-up capital | 11,699 | 11,651 | 12,858 | 12,858 | 12,858 | 12,858 |
| Reserves & surplus | 885,657 | 987,860 | 1,038,731 | 1,114,808 | 1,239,662 | 1,392,271 |
| Total shareholders' equity | 897,356 | 999,511 | 1,051,589 | 1,127,666 | 1,252,520 | 1,405,129 |

Source: Company, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

| Company | Rating | Price (Rs) | Target price | Upside (%) | Mkt cap. (Rs bn) | O/S shares (mn) | EPS (Rs) | | | EPS growth (%) | | | P/E (X) | | | EV/EBITDA (X) | | | P/B (X) | | | RoE (%) | | | Dividend yield (%) | | | ADVT 3mo | |
|----------------------------|--------|------------|--------------|------------|------------------|-----------------|----------|-------|-------|----------------|---------|---------|---------|-----------|---------|---------------|-------|-------|---------|-------|-------|---------|--------|--------|--------------------|-------|-------|-----------|-------|
| | | 18-Jun-18 | (Rs) | | | | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | (US\$ mn) | |
| Automobiles | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amara Raja Batteries | REDUCE | 763 | 780 | 2.3 | 130 | 1.9 | 171 | 28 | 33 | 39 | (1.6) | 21.2 | 15.5 | 27.6 | 22.8 | 19.7 | 14.7 | 12.1 | 10.4 | 4.4 | 3.8 | 3.3 | 17.0 | 18.0 | 18.0 | 0.5 | 0.7 | 0.8 | 6.1 |
| Apollo Tyres | BUY | 271 | 340 | 25.3 | 155 | 2.3 | 541 | 13 | 20 | 25 | (38.0) | 48.7 | 25.2 | 20.3 | 13.6 | 10.9 | 11.0 | 7.9 | 6.3 | 1.5 | 1.4 | 1.3 | 8.5 | 11.1 | 12.6 | 1.2 | 1.1 | 1.1 | 11.1 |
| Ashok Leyland | ADD | 139 | 160 | 15.2 | 408 | 6.0 | 2,926 | 5.4 | 6.5 | 9.1 | 7.9 | 20.6 | 39.7 | 25.8 | 21.4 | 15.3 | 15.2 | 12.3 | 9.4 | 5.7 | 4.9 | 4.0 | 23.7 | 24.4 | 28.8 | 1.7 | 1.4 | 2.0 | 37.5 |
| Bajaj Auto | SELL | 2,895 | 2,800 | (3.3) | 838 | 12.3 | 289 | 143 | 160 | 176 | 7.9 | 12.3 | 9.9 | 20.3 | 18.1 | 16.4 | 14.2 | 12.5 | 11.0 | 4.1 | 3.7 | 3.3 | 22.1 | 21.4 | 21.1 | 2.1 | 2.2 | 2.4 | 17.4 |
| Balkrishna Industries | ADD | 1,104 | 1,260 | 14.1 | 213 | 3.1 | 193 | 37 | 51 | 63 | 4.9 | 35.4 | 24.7 | 29.5 | 21.8 | 17.5 | 15.7 | 12.1 | 9.7 | 5.2 | 4.5 | 3.8 | 19.0 | 22.1 | 23.3 | 0.5 | 1.1 | 1.3 | 8.9 |
| Bharat Forge | SELL | 639 | 650 | 1.8 | 297 | 4.4 | 466 | 16 | 22 | 27 | 10.1 | 38.0 | 19.4 | 39.4 | 28.6 | 23.9 | 19.0 | 16.0 | 13.6 | 6.4 | 5.5 | 4.7 | 17.2 | 20.7 | 21.1 | 0.7 | 0.8 | 0.9 | 11.7 |
| CEAT | ADD | 1,328 | 1,600 | 20.5 | 54 | 0.8 | 40 | 65 | 101 | 114 | (29.5) | 56.2 | 12.3 | 20.5 | 13.1 | 11.7 | 10.1 | 8.4 | 7.2 | 2.1 | 1.8 | 1.6 | 10.4 | 14.8 | 14.7 | 0.9 | 1.3 | 1.3 | 14.7 |
| Eicher Motors | SELL | 30,135 | 26,000 | (13.7) | 822 | 12.1 | 27 | 792 | 995 | 1,200 | 29.3 | 25.5 | 20.6 | 38.0 | 30.3 | 25.1 | 27.5 | 22.2 | 18.1 | 15.3 | 11.0 | 8.2 | 46.4 | 42.3 | 37.5 | 0.1 | 0.1 | 0.1 | 17.2 |
| Escorts | BUY | 913 | 1,170 | 28.2 | 78 | 1.6 | 89 | 39 | 56 | 69 | 71.3 | 43.6 | 23.6 | 23.5 | 16.4 | 13.3 | 13.4 | 10.0 | 7.8 | 3.2 | 2.7 | 2.3 | 13.5 | 16.8 | 17.7 | 0.4 | 0.9 | 1.1 | 18.1 |
| Exide Industries | SELL | 252 | 225 | (10.7) | 214 | 3.1 | 850 | 8 | 10 | 11 | 0.6 | 23.7 | 11.1 | 30.7 | 24.8 | 22.3 | 17.2 | 14.4 | 12.7 | 4.0 | 3.6 | 3.3 | 13.5 | 15.2 | 15.3 | 1.0 | 1.2 | 1.4 | 8.5 |
| Hero Motocorp | SELL | 3,666 | 3,500 | (4.5) | 732 | 10.8 | 200 | 185 | 204 | 228 | 9.5 | 10.2 | 11.6 | 19.8 | 18.0 | 16.1 | 12.4 | 11.2 | 9.8 | 6.2 | 5.5 | 4.8 | 33.7 | 32.3 | 31.7 | 2.6 | 2.8 | 3.1 | 18.6 |
| Mahindra CIE Automotive | ADD | 260 | 275 | 5.7 | 98 | 1.4 | 378 | 10 | 13 | 15 | 107.0 | 35.8 | 12.9 | 27.1 | 19.9 | 17.7 | 13.3 | 10.0 | 8.8 | 2.6 | 2.3 | 2.1 | 10.4 | 12.5 | 12.4 | — | — | — | 1.5 |
| Mahindra & Mahindra | BUY | 914 | 1,015 | 11.1 | 1,136 | 16.7 | 1,138 | 38 | 44 | 50 | 22.0 | 15.6 | 14.8 | 24.1 | 20.8 | 18.1 | 15.8 | 13.5 | 11.7 | 3.4 | 3.0 | 2.7 | 15.1 | 15.4 | 15.7 | 0.8 | 1.0 | 1.1 | 31.4 |
| Maruti Suzuki | ADD | 8,973 | 9,700 | 8.1 | 2,711 | 39.8 | 302 | 256 | 330 | 395 | 5.1 | 29.2 | 19.6 | 35.1 | 27.2 | 22.7 | 19.6 | 15.3 | 12.3 | 6.5 | 5.6 | 4.7 | 19.8 | 22.0 | 22.6 | 0.7 | 0.9 | 1.1 | 64.4 |
| Motherhood Sumi Systems | SELL | 302 | 265 | (12.3) | 636 | 9.4 | 2,105 | 8 | 11 | 14 | 6.1 | 37.7 | 21.7 | 37.0 | 26.8 | 22.1 | 13.9 | 10.7 | 8.9 | 6.4 | 5.5 | 4.7 | 19.0 | 22.1 | 22.9 | 0.7 | 0.9 | 1.1 | 13.9 |
| MRF | REDUCE | 74,360 | 76,000 | 2.2 | 315 | 4.6 | 4 | 2,669 | 3,896 | 4,447 | (23.9) | 46.0 | 14.1 | 27.9 | 19.1 | 16.7 | 12.6 | 9.3 | 8.0 | 3.2 | 2.8 | 2.4 | 12.3 | 15.7 | 15.4 | 0.1 | 0.1 | 0.1 | 8.4 |
| Schaeffler India | BUY | 5,319 | 6,000 | 12.8 | 88 | 1.3 | 17 | 143 | 171 | 207 | 22.0 | 19.4 | 21.1 | 37.1 | 31.1 | 25.7 | 21.9 | 18.8 | 15.2 | 5.2 | 4.6 | 4.1 | 15.0 | 15.8 | 16.9 | 0.3 | 0.6 | 0.8 | 0.7 |
| SKF | REDUCE | 1,773 | 1,700 | (4.1) | 91 | 1.3 | 51 | 58 | 70 | 81 | 24.6 | 20.8 | 16.4 | 30.7 | 25.4 | 21.9 | 19.1 | 16.4 | 13.7 | 5.0 | 4.3 | 3.8 | 16.1 | 17.0 | 17.2 | 0.7 | 0.8 | 1.0 | 0.5 |
| Tata Motors | BUY | 309 | 445 | 44.1 | 1,049 | 14.5 | 3,396 | 20 | 24 | 38 | (28.0) | 18.0 | 63.0 | 15.5 | 13.1 | 8.0 | 4.3 | 3.9 | 3.2 | 1.1 | 1.0 | 0.9 | 8.8 | 8.0 | 11.9 | — | — | — | 61.8 |
| Timken | SELL | 743 | 660 | (11.1) | 50 | 0.7 | 68 | 14 | 19 | 25 | (5.3) | 42.3 | 27.5 | 54.9 | 38.6 | 30.2 | 30.6 | 21.3 | 17.0 | 7.2 | 6.1 | 5.1 | 13.9 | 17.1 | 18.5 | 0.1 | 0.1 | 0.1 | 0.4 |
| TVS Motor | SELL | 597 | 410 | (31.3) | 284 | 4.2 | 475 | 14 | 18 | 21 | 18.7 | 25.9 | 21.8 | 42.8 | 34.0 | 27.9 | 26.0 | 20.0 | 16.6 | 9.8 | 8.3 | 7.0 | 25.1 | 26.5 | 27.2 | 0.5 | 0.9 | 1.1 | 11.8 |
| WABCO India | SELL | 7,152 | 6,350 | (11.2) | 136 | 2.0 | 19 | 144 | 169 | 223 | 27.8 | 17.4 | 32.2 | 49.7 | 42.4 | 32.0 | 32.4 | 27.6 | 20.9 | 8.9 | 7.4 | 6.1 | 19.5 | 19.1 | 21.0 | 0.1 | 0.1 | 0.2 | 0.5 |
| Automobiles | | Neutral | | | 10,536 | 154 | | | | | (0.8) | 23.2 | 25.5 | 26.9 | 21.8 | 17.4 | 12.0 | 10.0 | 8.2 | 3.8 | 3.4 | 2.9 | 14.2 | 15.5 | 16.9 | 0.8 | 1.0 | 1.1 | 365.2 |
| Banks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Axis Bank | ADD | 523 | 600 | 14.8 | 1,342 | 19.7 | 2,567 | 1 | 20 | 39 | (92.6) | 1,735.5 | 100.1 | 486.5 | 26.5 | 13.2 | — | — | — | 2.5 | 2.2 | 1.9 | 0.5 | 7.7 | 13.8 | 1— | 0.6 | 1.1 | 70.9 |
| Bank of Baroda | NR | 130 | — | — | 345 | 5.1 | 2,652 | (9) | 8 | 21 | (253.2) | 189.5 | 155.3 | (14.2) | 15.9 | 6.2 | — | — | — | 1.6 | 1.3 | 0.9 | (6.3) | 5.3 | 12.6 | (1.4) | 1.3 | 3.2 | 34.6 |
| Bank of India | ADD | 98 | 120 | 23.1 | 170 | 2.5 | 1,744 | (35) | (6) | 16 | (134.7) | 82.2 | 366.7 | (2.8) | (15.8) | 5.9 | — | — | — | 1.5 | 1.9 | 1.2 | (21.3) | (3.6) | 9.5 | — | (1.3) | 3.4 | 14.3 |
| Canara Bank | ADD | 268 | 300 | 12.1 | 196 | 2.9 | 733 | (58) | (2) | 60 | (406.6) | 97.3 | 4,031.4 | (4.6) | (174.2) | 4.4 | — | — | — | 1.7 | 1.7 | 1.0 | (11.9) | (0.3) | 11.8 | — | — | — | 35.1 |
| City Union Bank | ADD | 186 | 190 | 2.3 | 123 | 1.8 | 665 | 9 | 10 | 12 | 6.4 | 16.2 | 13.0 | 20.9 | 18.0 | 15.9 | — | — | — | 3.2 | 2.8 | 2.4 | 15.3 | 15.5 | 15.5 | 0.2 | 1.0 | 1.1 | 2.1 |
| DCB Bank | ADD | 177 | 210 | 18.9 | 54 | 0.8 | 308 | 8 | 10 | 12 | 13.8 | 24.7 | 25.9 | 22.2 | 17.8 | 14.1 | — | — | — | 2.2 | 2.0 | 1.8 | 10.9 | 11.4 | 12.8 | — | 0.5 | 0.7 | 6.0 |
| Equitas Holdings | BUY | 150 | 190 | 26.3 | 51 | 0.8 | 340 | 0.9 | 4.4 | 8.3 | (80.4) | 374.7 | 88.2 | 162.6 | 34.3 | 18.2 | — | — | — | 2.3 | 2.2 | 2.0 | 1.4 | 6.4 | 11.0 | — | — | — | 4.3 |
| Federal Bank | BUY | 84 | 130 | 54.8 | 166 | 2.4 | 1,972 | 4.5 | 5.8 | 7.8 | (7.5) | 29.6 | 35.0 | 18.8 | 14.5 | 10.8 | — | — | — | 1.5 | 1.4 | 1.2 | 8.0 | 9.0 | 11.2 | 1.2 | 1.4 | 1.8 | 19.1 |
| HDFC Bank | REDUCE | 2,019 | 1,900 | (5.9) | 5,256 | 77.3 | 2,595 | 67 | 78 | 94 | 18.7 | 15.3 | 20.7 | 30.0 | 26.0 | 21.5 | — | — | — | 5.0 | 3.8 | 3.3 | 17.9 | 16.6 | 16.1 | 0.5 | 0.5 | 0.7 | 65.0 |
| ICICI Bank | BUY | 293 | 400 | 36.5 | 1,884 | 27.7 | 6,429 | 11 | 15 | 25 | (31.1) | 46.5 | 64.1 | 27.8 | 19.0 | 11.6 | — | — | — | 2.3 | 2.0 | 1.7 | 6.6 | 9.1 | 13.7 | 0.5 | 1.1 | 1.7 | 96.3 |
| IDFC Bank | NR | 42 | — | — | 144 | 2.1 | 3,404 | 2.5 | 1.6 | 3.3 | (16.0) | (38.5) | 109.8 | 16.8 | 27.3 | 13.0 | — | — | — | 0.9 | 0.9 | 0.9 | 5.7 | 3.4 | 6.9 | 1.2 | 0.7 | 1.5 | 8.2 |
| IndusInd Bank | REDUCE | 1,968 | 1,800 | (8.5) | 1,181 | 17.4 | 600 | 60 | 72 | 87 | 25.3 | 19.1 | 22.0 | 32.8 | 27.5 | 22.5 | — | — | — | 5.1 | 4.2 | 3.6 | 16.7 | 17.7 | 17.0 | — | 0.5 | 0.6 | 31.4 |
| J&K Bank | BUY | 58 | 105 | 82.0 | 32 | 0.5 | 557 | 4 | 8 | 11 | 111.6 | 116.7 | 44.4 | 15.9 | 7.3 | 5.1 | — | — | — | 0.7 | 0.6 | 0.5 | 3.4 | 6.9 | 9.4 | — | 2.7 | 3.9 | 0.5 |
| Karur Vysya Bank | ADD | 101 | 120 | 18.5 | 74 | 1.1 | 727 | 5 | 4 | 14 | (52.2) | (22.8) | 274.8 | 21.3 | 27.6 | 7.4 | — | — | — | 1.5 | 1.4 | 1.2 | 6.1 | 4.2 | 14.7 | 0.6 | 0.9 | 3.4 | 2.0 |
| Punjab National Bank | ADD | 89 | 90 | 1.7 | 244 | 3.6 | 2,761 | (44) | (39) | 9 | (814.7) | 13.4 | 124.1 | (2.0) | (2.3) | 9.5 | — | — | — | 5.2 | (4.0) | (15.1) | (32.4) | (31.3) | 8.2 | — | (9.4) | 2.3 | 34.0 |
| RBL Bank | SELL | 552 | 450 | (18.4) | 232 | 3.4 | 420 | 15 | 20 | 25 | 27.3 | 32.9 | 21.8 | 36.4 | 27.4 | 22.5 | — | — | — | 3.6 | 3.3 | 3.0 | 11.5 | 12.0 | 13.2 | 0.4 | 0.5 | 0.7 | 8.9 |
| State Bank of India | BUY | 277 | 370 | 33.6 | 2,471 | 36.3 | 8,925 | (7) | 19 | 38 | (155.8) | NM | 100.9 | NM | 14.8 | 7.4 | — | — | — | 2.0 | 1.6 | 1.2 | (3.2) | 7.4 | 13.6 | 1.0 | 1.1 | 1.2 | 83.8 |
| Ujjivan Financial Services | REDUCE | 390 | 420 | 7.6 | 47 | 0.7 | 121 | 1 | 22 | 29 | (96.5) | 3,564.0 | 30.0 | 646.9 | 17.7 | 13.6 | — | — | — | 2.8 | 2.4 | 2.1 | 0.4 | 14.2 | 16.1 | 0.0 | 0.5 | 0.8 | 7.8 |
| Union Bank | ADD | 91 | 130 | 43.6 | 106 | 1.6 | 1,169 | (45) | 1 | 24 | (655.5) | 101.4 | 3,896.2 | (2.0) | 147.9 | 3.7 | — | — | — | 1.5 | 1.1 | 0.7 | (23.6) | 0.3 | 11.8 | — | 0.1 | 4.1 | 11.7 |
| YES Bank | SELL | 332 | 325 | (2.0) | 765 | 11.2 | 2,303 | 18 | 19 | 21 | 25.7 | 4.6 | 11.0 | 18.1 | 17.3 | 15.6 | — | — | — | 3.1 | 2.7 | 2.4 | 17.7 | 16.0 | 15.7 | 0.7 | 1.0 | 1.1 | 68.6 |
| Banks | | Attractive | | | 14,885 | 219 | | | | | (101.2) | 9,555.7 | 112.6 | (2,449.6) | 25.9 | 12.2 | | | | 1.9 | | | | | | | | | |

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

| Company | Rating | Price (Rs) | Target price | Upside (%) | Mkt cap. (Rs bn) | O/S shares (mn) | EPS (Rs) | | | EPS growth (%) | | | P/E (X) | | | EV/EBITDA (X) | | | P/B (X) | | | RoE (%) | | | Dividend yield (%) | | | ADVT 3mo (US\$ mn) | |
|-------------------------------|----------|------------|--------------|------------|------------------|-----------------|----------|-------|-------|----------------|---------|--------|---------|-------|-------|---------------|-------|-------|---------|-------|-------|---------|-------|-------|--------------------|-------|-------|--------------------|-------|
| | | 18-Jun-18 | (Rs) | | | | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | | |
| NBFCs | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bajaj Finance | REDUCE | 2,243 | 1,850 | (17.5) | 1,296 | 19.1 | 575 | 46 | 63 | 82 | 38.5 | 34.9 | 30.0 | 48.2 | 35.8 | 27.5 | — | — | — | 7.8 | 6.5 | 5.4 | 20.5 | 19.9 | 21.5 | 0.2 | 0.3 | 0.4 | 39.9 |
| Bajaj Finserv | ADD | 5,996 | 5,900 | (1.6) | 954 | 14.0 | 159 | 174 | 206 | 266 | 13.5 | 18.7 | 28.8 | 34.5 | 29.0 | 22.5 | — | — | — | 4.7 | 3.8 | 3.3 | 15.3 | 14.5 | 15.6 | 0.2 | 0.2 | 0.2 | 14.5 |
| Bharat Financial Inclusion | NA | 1,184 | — | — | 165 | 2.4 | 139 | 33 | 43 | 54 | 55.5 | 31.1 | 27.2 | 36.2 | 27.6 | 21.7 | — | — | — | 5.5 | 4.5 | 3.6 | 16.7 | 17.9 | 18.5 | — | — | — | 10.9 |
| Cholamandalam | REDUCE | 1,612 | 1,510 | (6.3) | 252 | 3.7 | 156 | 62 | 76 | 92 | 35.5 | 22.3 | 20.8 | 25.9 | 21.2 | 17.5 | — | — | — | 5.1 | 4.3 | 3.6 | 20.6 | 21.0 | 21.2 | 0.4 | 0.6 | 0.7 | 6.9 |
| HDFC | BUY | 1,824 | 2,100 | 15.2 | 3,064 | 45.0 | 1,676 | 75 | 58 | 67 | 52.1 | (23.1) | 15.2 | 24.2 | 31.5 | 27.3 | — | — | — | 4.8 | 4.2 | 3.8 | 23.9 | 14.3 | 14.5 | 1.1 | 1.1 | 1.3 | 71.0 |
| HDFC Standard Life Insurance | SELL | 479 | 405 | (15.5) | 964 | 14.2 | 2,007 | 6 | 6 | 7 | 24.4 | 14.8 | 10.9 | 86.6 | 75.5 | 68.0 | — | — | — | 22.4 | 20.0 | 17.9 | 27.3 | 28.0 | 27.7 | 0.3 | 0.3 | 0.4 | 15.5 |
| ICICI Lombard | SELL | 716 | 600 | (16.2) | 325 | 4.8 | 454 | 19 | 26 | 30 | 22.0 | 36.4 | 17.0 | 37.7 | 27.6 | 23.6 | — | — | — | 7.2 | 6.0 | 5.1 | 20.8 | 23.7 | 23.5 | 0.6 | 0.9 | 1.1 | 2.3 |
| ICICI Prudential Life | BUY | 398 | 500 | 25.8 | 571 | 8.4 | 1,436 | 11 | 12 | 13 | (3.7) | 3.8 | 7.6 | 35.2 | 33.9 | 31.5 | — | — | — | 8.7 | 7.2 | 6.1 | 25.0 | 23.2 | 20.9 | 1.4 | 0.5 | 0.5 | 12.2 |
| IIFL Holdings | SELL | 703 | 625 | (11.1) | 224 | 3.3 | 319 | 29 | 34 | 41 | 32.4 | 17.3 | 21.4 | 24.6 | 21.0 | 17.3 | — | — | — | 4.4 | 3.8 | 3.3 | 19.0 | 19.3 | 20.0 | 0.9 | 1.0 | 1.2 | 1.9 |
| L&T Finance Holdings | REDUCE | 164 | 185 | 12.5 | 328 | 4.8 | 1,996 | 7 | 10 | 12 | 23.7 | 34.6 | 24.1 | 22.4 | 16.6 | 13.4 | — | — | — | 2.6 | 2.3 | 2.0 | 14.2 | 14.7 | 16.1 | 1.1 | 1.2 | 1.2 | 9.9 |
| LIC Housing Finance | BUY | 501 | 610 | 21.8 | 253 | 3.7 | 505 | 44 | 50 | 58 | 3.2 | 13.8 | 17.5 | 11.5 | 10.1 | 8.6 | — | — | — | 1.9 | 1.6 | 1.4 | 14.5 | 14.3 | 14.4 | 1.4 | 1.5 | 1.8 | 13.2 |
| Magma Fincorp | BUY | 165 | 200 | 21.0 | 45 | 0.7 | 237 | 10 | 12 | 15 | 1,014.5 | 24.6 | 25.8 | 17.0 | 13.7 | 10.9 | — | — | — | 1.7 | 1.6 | 1.4 | 10.2 | 12.9 | 14.1 | 0.5 | 1.1 | 1.4 | 3.2 |
| Mahindra & Mahindra Financial | REDUCE | 476 | 475 | (0.2) | 294 | 4.3 | 614 | 15 | 22 | 26 | 105.0 | 53.5 | 16.6 | 32.8 | 21.4 | 18.3 | — | — | — | 3.4 | 3.0 | 2.7 | 11.3 | 14.0 | 14.8 | 0.8 | 1.3 | 1.5 | 12.3 |
| Max Financial Services | BUY | 470 | 650 | 38.3 | 126 | 1.9 | 268 | 5 | 6 | 6 | (20.4) | 36.9 | 1.8 | 102.5 | 74.9 | 73.6 | — | — | — | — | — | — | 6.5 | 8.3 | 8.0 | — | 0.5 | 0.5 | 5.2 |
| Muthoot Finance | ADD | 390 | 480 | 23.0 | 156 | 2.3 | 400 | 43 | 38 | 40 | 45.6 | (10.8) | 4.0 | 9.1 | 10.2 | 9.8 | — | — | — | 2.0 | 1.8 | 1.6 | 24.1 | 18.4 | 16.9 | 2.6 | 2.3 | 2.4 | 4.6 |
| PNB Housing Finance | REDUCE | 1,106 | 1,375 | 24.3 | 185 | 2.7 | 167 | 50 | 61 | 77 | 57.8 | 23.0 | 25.3 | 22.2 | 18.1 | 14.4 | — | — | — | 2.9 | 2.7 | 2.3 | 14.0 | 15.2 | 16.8 | 0.8 | 0.3 | 0.3 | 8.7 |
| SBI Life Insurance | ADD | 672 | 815 | 21.3 | 672 | 9.9 | 1,000 | 12 | 15 | 18 | 20.8 | 26.0 | 22.9 | 58.3 | 46.2 | 37.6 | — | — | — | 10.4 | 8.8 | 7.3 | 19.4 | 20.6 | 21.3 | 0.3 | 0.3 | 0.4 | 6.1 |
| Shriram City Union Finance | ADD | 2,292 | 2,550 | 11.3 | 151 | 2.2 | 66 | 101 | 140 | 174 | 19.6 | 39.4 | 23.8 | 22.8 | 16.3 | 13.2 | — | — | — | 2.9 | 2.5 | 2.2 | 12.5 | 15.5 | 16.7 | 0.8 | 0.8 | 1.0 | 0.8 |
| Shriram Transport | REDUCE | 1,467 | 1,600 | 9.0 | 333 | 4.9 | 227 | 69 | 105 | 125 | 24.7 | 52.1 | 18.7 | 21.2 | 14.0 | 11.8 | — | — | — | 2.8 | 2.4 | 2.1 | 13.1 | 17.6 | 18.0 | 0.7 | 1.0 | 1.2 | 18.4 |
| NBFCs | Neutral | | | | 10,358 | 152 | | | | | 38.0 | 7.0 | 19.3 | 30.1 | 28.2 | 23.6 | | | | 5.1 | 4.3 | 3.8 | 16.8 | 15.4 | 16.1 | 0.7 | 0.7 | 0.8 | 604.7 |
| Cement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ACC | SELL | 1,300 | 1,300 | (0.0) | 244 | 3.6 | 188 | 49 | 54 | 71 | 41.9 | 10.4 | 31.8 | 26.7 | 24.2 | 18.4 | 14.0 | 13.5 | 10.3 | 2.6 | 2.4 | 2.2 | 10.2 | 10.4 | 12.7 | 1.3 | 1.3 | 1.3 | 9.5 |
| Ambuja Cements | REDUCE | 203 | 215 | 6.0 | 403 | 5.9 | 1,986 | 8 | 7 | 9 | 29.7 | (1.3) | 27.0 | 27.0 | 27.3 | 21.5 | 8.8 | 8.7 | 7.1 | 1.9 | 1.9 | 1.8 | 7.4 | 7.0 | 8.6 | 1.8 | 1.8 | 1.8 | 9.0 |
| Dalmia Bharat | ADD | 2,516 | 2,900 | 15.3 | 224 | 3.3 | 89 | 60 | 98 | 128 | 55.4 | 62.6 | 30.3 | 41.7 | 25.6 | 19.7 | 13.0 | 9.9 | 8.0 | 3.7 | 3.2 | 2.8 | 9.7 | 13.4 | 15.2 | 0.1 | 0.1 | 0.1 | 6.0 |
| Grasim Industries | BUY | 1,020 | 1,275 | 25.0 | 671 | 9.9 | 657 | 47 | 43 | 60 | (30.1) | (10.2) | 41.3 | 21.5 | 24.0 | 17.0 | 12.2 | 7.9 | 7.2 | 1.2 | 1.1 | 1.1 | 7.0 | 4.8 | 6.4 | 0.5 | 0.5 | 0.5 | 15.7 |
| India Cements | REDUCE | 114 | 135 | 18.4 | 35 | 0.5 | 308 | 3 | 5 | 9 | (42.5) | 56.2 | 84.4 | 34.9 | 22.3 | 12.1 | 9.7 | 8.3 | 6.5 | 0.7 | 0.7 | 0.6 | 2.0 | 3.0 | 5.3 | 0.9 | 0.9 | 0.9 | 6.4 |
| J K Cement | REDUCE | 910 | 1,000 | 9.9 | 64 | 0.9 | 70 | 43 | 51 | 83 | 25.1 | 17.0 | 65.0 | 21.0 | 18.0 | 10.9 | 10.8 | 11.4 | 9.1 | 3.2 | 2.8 | 2.3 | 16.2 | 16.7 | 23.2 | 0.9 | 0.9 | 0.9 | 0.8 |
| JK Lakshmi Cement | ADD | 334 | 425 | 27.4 | 39 | 0.6 | 118 | 4 | 18 | 33 | (35.7) | 311.2 | 79.6 | 74.6 | 18.1 | 10.1 | 13.7 | 8.3 | 5.9 | 2.7 | 2.4 | 2.0 | 3.7 | 14.1 | 21.5 | 0.6 | 0.6 | 0.6 | 0.6 |
| Orient Cement | ADD | 116 | 165 | 42.2 | 24 | 0.3 | 205 | 2 | 8 | 12 | 237.8 | 250.7 | 64.8 | 53.7 | 15.3 | 9.3 | 11.8 | 7.5 | 5.5 | 2.3 | 2.1 | 1.8 | 4.4 | 14.3 | 20.6 | 0.6 | 1.3 | 1.7 | 0.2 |
| Shree Cement | SELL | 16,130 | 12,700 | (21.3) | 562 | 8.3 | 35 | 397 | 486 | 662 | 3.4 | 22.3 | 36.2 | 40.6 | 33.2 | 24.4 | 21.8 | 16.4 | 12.8 | 6.3 | 5.4 | 4.5 | 16.7 | 17.6 | 20.2 | 0.3 | 0.3 | 0.3 | 4.8 |
| UltraTech Cement | SELL | 3,670 | 3,000 | (18.2) | 1,008 | 14.8 | 275 | 89 | 119 | 153 | (7.0) | 33.1 | 28.9 | 41.0 | 30.8 | 23.9 | 19.2 | 15.0 | 12.5 | 3.9 | 3.5 | 3.1 | 9.9 | 12.0 | 13.7 | 0.3 | 0.3 | 0.3 | 15.9 |
| Cement | Cautious | | | | 3,274 | 48 | | | | | 6.6 | 15.4 | 36.1 | 31.5 | 27.3 | 20.1 | 14.1 | 10.5 | 8.8 | 2.4 | 2.2 | 2.0 | 7.5 | 8.1 | 10.1 | 0.6 | 0.6 | 0.6 | 68.8 |

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

| Company | Rating | Price (Rs) | Target | Upside (%) | Mkt cap. | | O/S | EPS (Rs) | | | EPS growth (%) | | | P/E (X) | | | EV/EBITDA (X) | | | P/B (X) | | | RoE (%) | | | Dividend yield (%) | | | ADVT |
|---------------------------|------------|------------|------------|------------|-----------|------|--------|----------|-------|------|----------------|--------|-------|---------|-------|------|---------------|-------|------|---------|-------|------|---------|-------|------|--------------------|-------|-----------|-------|
| | | 18-Jun-18 | price (Rs) | | (US\$ bn) | (mn) | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | (US\$ mn) | |
| Consumer products | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Asian Paints | REDUCE | 1,282 | 1,100 | (14.2) | 1,230 | 18.1 | 959 | 21 | 24 | 28 | 2.9 | 18.7 | 14.7 | 62.5 | 52.6 | 45.9 | 38.2 | 32.8 | 28.5 | 14.6 | 12.9 | 11.5 | 24.6 | 26.1 | 26.6 | 0.7 | 0.8 | 1.0 | 15.4 |
| Bajaj Corp. | ADD | 420 | 520 | 23.8 | 62 | 0.9 | 148 | 14 | 17 | 19 | (10.5) | 18.7 | 10.5 | 29.7 | 25.0 | 22.6 | 23.5 | 20.1 | 17.2 | 12.6 | 12.2 | 11.6 | 42.3 | 49.4 | 52.4 | 2.9 | 3.1 | 3.3 | 0.4 |
| Britannia Industries | ADD | 6,074 | 6,000 | (1.2) | 729 | 10.7 | 120 | 84 | 104 | 126 | 13.5 | 24.4 | 21.5 | 72.6 | 58.4 | 48.0 | 48.0 | 37.7 | 31.0 | 21.4 | 17.0 | 13.7 | 32.9 | 32.4 | 31.6 | 0.4 | 0.6 | 0.7 | 9.6 |
| Coffee Day Enterprises | REDUCE | 302 | 340 | 12.6 | 64 | 0.9 | 211 | 3 | 8 | 13 | 49.1 | 149.7 | 59.4 | 90.3 | 36.1 | 22.7 | 14.7 | 12.8 | 10.8 | 2.7 | 2.5 | 2.2 | 3.1 | 7.2 | 10.4 | — | — | — | 1.2 |
| Colgate-Palmolive (India) | ADD | 1,205 | 1,300 | 7.9 | 328 | 4.8 | 272 | 24 | 28 | 33 | 15.2 | 19.7 | 17.0 | 50.7 | 42.3 | 36.2 | 29.1 | 24.5 | 21.0 | 21.5 | 21.2 | 17.7 | 46.2 | 50.4 | 53.3 | 2.0 | 1.3 | 1.6 | 8.1 |
| Dabur India | REDUCE | 386 | 350 | (9.4) | 681 | 10.0 | 1,762 | 8 | 9 | 10 | 7.2 | 16.1 | 11.7 | 49.7 | 42.8 | 38.3 | 42.0 | 36.4 | 31.8 | 11.9 | 12.0 | 10.5 | 25.9 | 27.9 | 29.1 | 1.9 | 1.0 | 1.2 | 8.8 |
| GlaxoSmithKline Consumer | ADD | 6,170 | 6,750 | 9.4 | 259 | 3.8 | 42 | 166 | 189 | 211 | 6.6 | 13.3 | 11.9 | 37.1 | 32.7 | 29.2 | 25.3 | 21.7 | 18.7 | 7.4 | 6.8 | 6.2 | 21.2 | 21.7 | 22.2 | 1.2 | 1.5 | 1.7 | 2.4 |
| Godrej Consumer Products | REDUCE | 1,160 | 1,020 | (12.1) | 790 | 11.6 | 681 | 21 | 25 | 28 | 11.5 | 17.6 | 13.3 | 54.3 | 46.2 | 40.8 | 38.5 | 32.7 | 28.5 | 12.6 | 10.9 | 9.5 | 25.2 | 25.4 | 24.9 | 0.6 | 0.7 | 0.8 | 8.7 |
| Hindustan Unilever | REDUCE | 1,609 | 1,430 | (11.1) | 3,482 | 51.2 | 2,160 | 25 | 28 | 32 | 25.0 | 14.9 | 13.0 | 65.6 | 57.1 | 50.5 | 47.0 | 39.7 | 34.8 | 49.1 | 44.1 | 38.5 | 78.1 | 81.4 | 81.3 | 1.2 | 1.3 | 1.5 | 26.0 |
| ITC | ADD | 265 | 315 | 19.1 | 3,228 | 47.4 | 12,235 | 9 | 10 | 11 | 8.2 | 8.0 | 11.6 | 29.6 | 27.4 | 24.5 | 20.0 | 18.2 | 16.2 | 6.3 | 6.0 | 5.7 | 19.7 | 20.8 | 22.6 | 1.9 | 2.3 | 2.7 | 39.1 |
| Jubilant Foodworks | BUY | 2,811 | 3,000 | 6.7 | 185 | 2.7 | 66 | 31 | 48 | 66 | 199.3 | 52.0 | 39.2 | 89.4 | 58.8 | 42.3 | 41.3 | 28.7 | 21.6 | 19.2 | 15.0 | 11.6 | 23.4 | 28.6 | 30.9 | 0.2 | 0.3 | 0.5 | 43.5 |
| Jyothy Laboratories | ADD | 464 | 440 | (5.1) | 84 | 1.2 | 182 | 9 | 11 | 13 | 35.1 | 25.4 | 17.2 | 52.6 | 42.0 | 35.8 | 32.3 | 26.6 | 23.1 | 7.4 | 6.4 | 5.6 | 14.3 | 16.3 | 16.6 | 0.2 | 0.4 | 0.6 | 1.4 |
| Manpasand Beverages | RS | 150 | — | — | 17 | 0.3 | 114 | 9 | 12 | 17 | 39.5 | 32.0 | 43.8 | 16.9 | 12.8 | 8.9 | 7.5 | 5.1 | 3.5 | 1.4 | 1.3 | 1.1 | 8.4 | 10.2 | 13.2 | 0.3 | 0.5 | 1.0 | 2.4 |
| Marico | ADD | 338 | 345 | 2.1 | 436 | 6.4 | 1,291 | 6 | 7 | 8 | 7.4 | 16.7 | 13.7 | 53.9 | 46.2 | 40.6 | 38.0 | 32.0 | 27.8 | 17.2 | 15.9 | 14.7 | 33.2 | 35.7 | 37.5 | 1.2 | 1.4 | 1.6 | 8.6 |
| Nestle India | ADD | 9,619 | 9,500 | (1.2) | 927 | 13.6 | 96 | 127 | 168 | 191 | 21.1 | 32.5 | 13.4 | 75.7 | 57.1 | 50.4 | 41.5 | 32.3 | 28.4 | 27.1 | 24.9 | 22.9 | 36.6 | 45.5 | 47.3 | 0.9 | 1.2 | 1.4 | 9.4 |
| Page Industries | SELL | 26,835 | 21,000 | (21.7) | 299 | 4.4 | 11 | 311 | 392 | 482 | 32.5 | 26.1 | 22.9 | 86.3 | 68.4 | 55.7 | 54.9 | 43.4 | 35.7 | 35.3 | 27.6 | 22.0 | 45.9 | 45.3 | 44.0 | 0.5 | 0.6 | 0.8 | 6.7 |
| Pidlite Industries | REDUCE | 1,078 | 1,050 | (2.6) | 547 | 8.0 | 508 | 18 | 22 | 26 | 7.5 | 20.4 | 20.4 | 59.8 | 49.6 | 41.2 | 40.0 | 33.2 | 27.4 | 15.3 | 12.9 | 10.8 | 26.0 | 28.2 | 28.5 | 0.6 | 0.6 | 0.8 | 14.7 |
| S H Kelkar and Company | BUY | 228 | 315 | 38.2 | 33 | 0.5 | 145 | 7 | 9 | 11 | 2.1 | 18.2 | 25.9 | 30.8 | 26.1 | 20.7 | 21.4 | 17.0 | 13.5 | 3.8 | 3.5 | 3.1 | 12.8 | 14.0 | 15.7 | 0.8 | 0.8 | 0.9 | 0.3 |
| Tata Global Beverages | REDUCE | 275 | 285 | 3.5 | 174 | 2.6 | 631 | 7 | 10 | 11 | 20.7 | 29.4 | 19.1 | 37.5 | 29.0 | 24.3 | 19.8 | 16.7 | 14.4 | 2.5 | 2.3 | 2.2 | 7.0 | 8.3 | 9.4 | 0.9 | 1.1 | 1.3 | 13.6 |
| Titan Company | SELL | 898 | 800 | (10.9) | 797 | 11.7 | 888 | 13 | 16 | 20 | 43.3 | 26.7 | 20.5 | 70.2 | 55.4 | 46.0 | 48.1 | 36.7 | 29.4 | 15.7 | 13.2 | 11.1 | 24.3 | 25.8 | 26.2 | 0.4 | 0.5 | 0.6 | 38.7 |
| United Breweries | SELL | 1,284 | 1,000 | (22.1) | 340 | 5.0 | 264 | 15 | 19 | 24 | 71.6 | 29.7 | 23.4 | 86.0 | 66.3 | 53.8 | 37.9 | 31.6 | 27.3 | 12.6 | 10.8 | 9.2 | 15.7 | 17.6 | 18.6 | 0.2 | 0.2 | 0.3 | 8.8 |
| United Spirits | SELL | 666 | 560 | (15.9) | 484 | 7.1 | 727 | 8 | 11 | 14 | 39.1 | 40.5 | 27.4 | 87.5 | 62.3 | 48.9 | 50.1 | 36.9 | 30.6 | 19.3 | 13.1 | 9.7 | 24.9 | 25.1 | 22.8 | — | — | 0.3 | 18.9 |
| Varun Beverages | ADD | 770 | 750 | (2.6) | 141 | 2.1 | 183 | 12 | 17 | 22 | 377.8 | 45.4 | 29.8 | 66.8 | 46.0 | 35.4 | 20.2 | 16.3 | 14.0 | 7.9 | 6.8 | 5.8 | 12.1 | 16.0 | 17.7 | — | — | 0.1 | 1.1 |
| Consumer products | Cautious | | | | 15,318 | 225 | | | | | 15.1 | 16.6 | 15.0 | 50.5 | 43.4 | 37.7 | 33.1 | 28.2 | 24.4 | 12.4 | 11.2 | 10.1 | 24.5 | 25.9 | 26.8 | 1.1 | 1.2 | 1.4 | 287.7 |
| Energy | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BPCL | REDUCE | 423 | 390 | (7.8) | 918 | 13.5 | 1,967 | 40 | 39 | 41 | (1.5) | (3.6) | 5.3 | 10.5 | 10.9 | 10.4 | 8.5 | 8.0 | 7.4 | 2.4 | 2.2 | 2.0 | 24.8 | 21.1 | 20.0 | 5.0 | 3.7 | 3.9 | 37.2 |
| Castrol India | ADD | 171 | 215 | 25.8 | 169 | 2.5 | 989 | 7 | 8 | 9 | 3.3 | 13.6 | 10.9 | 24.9 | 21.9 | 19.7 | 15.6 | 13.7 | 12.4 | 16.6 | 15.7 | 15.4 | 67.9 | 73.6 | 78.6 | 2.8 | 3.5 | 4.1 | 4.3 |
| GAIL (India) | BUY | 338 | 410 | 21.3 | 762 | 11.2 | 2,255 | 20 | 25 | 27 | 21.8 | 23.2 | 8.3 | 16.6 | 13.4 | 12.4 | 10.4 | 8.6 | 8.0 | 1.9 | 1.7 | 1.6 | 11.7 | 13.5 | 13.5 | 2.2 | 2.5 | 2.7 | 21.2 |
| GSPL | SELL | 181 | 170 | (6.1) | 102 | 1.5 | 564 | 12 | 11 | 11 | 34.5 | (7.0) | (4.6) | 15.3 | 16.4 | 17.2 | 7.7 | 6.4 | 6.4 | 2.0 | 1.8 | 1.7 | 14.0 | 11.7 | 10.2 | 1.0 | 0.9 | 0.9 | 1.9 |
| HPCL | REDUCE | 322 | 320 | (0.7) | 491 | 7.2 | 1,524 | 42 | 32 | 33 | (3.2) | (23.4) | 3.4 | 7.7 | 10.1 | 9.8 | 6.5 | 8.3 | 8.4 | 2.1 | 1.9 | 1.7 | 28.7 | 19.3 | 18.2 | 5.3 | 4.0 | 4.2 | 29.6 |
| Indraprastha Gas | SELL | 259 | 240 | (7.4) | 182 | 2.7 | 700 | 10 | 12 | 14 | 19.0 | 17.3 | 12.0 | 25.1 | 21.4 | 19.1 | 15.8 | 13.6 | 12.0 | 5.2 | 4.4 | 3.9 | 22.4 | 22.3 | 21.6 | 0.8 | 1.0 | 1.2 | 11.2 |
| IOCL | REDUCE | 174 | 160 | (8.0) | 1,689 | 24.8 | 9,479 | 21 | 17 | 18 | (24.8) | (17.9) | 7.4 | 8.5 | 10.3 | 9.6 | 4.9 | 5.7 | 5.2 | 1.5 | 1.4 | 1.3 | 18.5 | 14.0 | 14.0 | 6.6 | 3.9 | 4.2 | 29.8 |
| Mahanagar Gas | ADD | 830 | 850 | 2.5 | 82 | 1.2 | 99 | 48 | 52 | 54 | 21.5 | 6.5 | 5.3 | 17.1 | 16.1 | 15.3 | 10.4 | 9.3 | 8.7 | 3.9 | 3.5 | 3.1 | 24.3 | 22.8 | 21.4 | 2.3 | 2.5 | 2.6 | 8.7 |
| ONGC | ADD | 165 | 200 | 21.5 | 2,112 | 31.0 | 12,833 | 17 | 21 | 21 | 3.1 | 19.6 | (1.3) | 9.5 | 7.9 | 8.0 | 5.1 | 4.0 | 3.8 | 0.9 | 0.9 | 0.8 | 9.9 | 11.5 | 10.7 | 4.0 | 4.3 | 4.3 | 16.4 |
| Oil India | SELL | 217 | 220 | 1.3 | 246 | 3.6 | 1,135 | 25 | 24 | 24 | 22.6 | (1.3) | (0.7) | 8.8 | 8.9 | 9.0 | 6.8 | 6.2 | 6.1 | 0.9 | 0.8 | 0.8 | 9.8 | 9.7 | 9.2 | 4.8 | 5.1 | 5.0 | 4.5 |
| Petronet LNG | BUY | 214 | 280 | 31.1 | 320 | 4.7 | 1,500 | 14 | 16 | 18 | 22.1 | 17.3 | 13.2 | 15.4 | 13.1 | 11.6 | 10.2 | 8.8 | 7.4 | 3.3 | 2.9 | 2.5 | 23.3 | 23.4 | 23.3 | 2.1 | 2.7 | 3.5 | 11.7 |
| Reliance Industries | REDUCE | 1,016 | 930 | (8.4) | 6,010 | 88.3 | 5,922 | 59 | 68 | 77 | 16.9 | 14.9 | 13.9 | 17.2 | 15.0 | 13.1 | 13.0 | 10.5 | 8.8 | 2.0 | 1.8 | 1.6 | 11.6 | 11.9 | 12.1 | 0.6 | 0.6 | 0.7 | 94.2 |
| Energy | Attractive | | | | 13,084 | 192 | | | | | 1.0 | 5.8 | 7.3 | 12.7 | 12.0 | 11.2 | 8.3 | 7.4 | 6.7 | 1.7 | 1.5 | 1.4 | 13.3 | 12.8 | 12.6 | 2.6 | 2.2 | 2.3 | 270.8 |

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

| Company | Rating | Price (Rs) | Target price | Upside | Mkt cap. | O/S | EPS (Rs) | | | EPS growth (%) | | | P/E (X) | | | EV/EBITDA (X) | | | P/B (X) | | | RoE (%) | | | Dividend yield (%) | | | ADVT | |
|-------------------------------|--------|------------|--------------|--------|-----------|-------------|----------|-------|-------|----------------|---------|-------|---------|-------|-------|---------------|-------|-------|---------|-------|-------|---------|-------|-------|--------------------|-------|-------|---------------|------|
| | | 18-Jun-18 | (Rs) | (%) | (US\$ bn) | shares (mn) | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 3mo (US\$ mn) | |
| Industrials | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ABB | SELL | 1,212 | 1,100 | (9.2) | 257 | 3.8 | 212 | 20 | 26 | 34 | 12.1 | 31.2 | 31.7 | 61.2 | 46.6 | 35.4 | 33.7 | 28.7 | 21.8 | 7.1 | 6.5 | 5.8 | 12.2 | 14.6 | 17.3 | 0.3 | 0.7 | 0.7 | 1.8 |
| BHEL | SELL | 76 | 81 | 6.6 | 279 | 4.1 | 3,671 | 2.2 | 2.6 | 5.4 | 62.7 | 19.5 | 106.9 | 34.6 | 28.9 | 14.0 | 8.6 | 8.3 | 4.2 | 0.9 | 0.9 | 0.9 | 2.5 | 3.0 | 6.1 | 2.4 | 2.9 | 5.9 | 9.2 |
| Carborundum Universal | SELL | 330 | 310 | (6.1) | 62 | 0.9 | 189 | 11 | 14 | 17 | 22.8 | 25.4 | 20.2 | 28.9 | 23.1 | 19.2 | 15.6 | 11.6 | 10.0 | 4.0 | 3.6 | 3.2 | 14.6 | 16.4 | 17.6 | 0.7 | 1.3 | 1.6 | 0.6 |
| CG Power and Industrial | REDUCE | 55 | 87 | 58.3 | 34 | 0.5 | 627 | 0.8 | 2.7 | 4.0 | (72.2) | 235.5 | 46.6 | 67.3 | 20.1 | 13.7 | 10.2 | 7.9 | 6.2 | 1.3 | 1.3 | 1.2 | 1.5 | 6.5 | 9.4 | - | - | - | 4.1 |
| Crompton Greaves Consumer | SELL | 218 | 210 | (3.5) | 136 | 2.0 | 627 | 5.2 | 6.2 | 7.5 | 13.3 | 20.1 | 20.8 | 42.1 | 35.1 | 29.0 | 25.9 | 21.8 | 18.4 | 17.3 | 12.0 | 9.2 | 49.5 | 40.5 | 35.9 | 0.7 | 0.9 | 1.1 | 3.3 |
| Cummins India | REDUCE | 671 | 680 | 1.3 | 186 | 2.7 | 277 | 24 | 28 | 32 | (7.8) | 16.1 | 13.9 | 27.7 | 23.9 | 20.9 | 24.4 | 20.9 | 17.4 | 4.7 | 4.4 | 4.1 | 17.4 | 18.9 | 20.1 | 2.2 | 2.2 | 2.5 | 5.8 |
| Havells India | SELL | 547 | 460 | (16.0) | 342 | 5.0 | 625 | 11 | 14 | 17 | 16.6 | 25.6 | 19.6 | 49.4 | 39.3 | 32.9 | 31.3 | 24.9 | 20.4 | 9.2 | 8.2 | 7.3 | 19.8 | 22.0 | 23.5 | 0.7 | 1.0 | 1.4 | 10.5 |
| Kalpataru Power Transmission | BUY | 430 | 530 | 23.4 | 66 | 1.0 | 153 | 19 | 19 | 24 | 36.5 | (0.4) | 26.7 | 22.2 | 22.3 | 17.6 | 9.1 | 7.5 | 6.1 | 2.5 | 2.3 | 2.0 | 11.7 | 10.6 | 12.2 | 0.6 | 0.6 | 0.6 | 0.7 |
| KEC International | BUY | 348 | 430 | 23.7 | 89 | 1.3 | 257 | 18 | 22 | 29 | 51.1 | 22.0 | 34.4 | 19.4 | 15.9 | 11.8 | 10.4 | 8.7 | 6.9 | 4.5 | 3.6 | 2.9 | 25.7 | 25.2 | 27.1 | 0.7 | 0.8 | 1.1 | 3.5 |
| L&T | BUY | 1,323 | 1,560 | 17.9 | 1,854 | 27.3 | 1,401 | 52 | 63 | 75 | 22.4 | 21.1 | 19.6 | 25.6 | 21.1 | 17.7 | 21.0 | 18.0 | 15.9 | 3.7 | 3.4 | 3.0 | 15.0 | 16.7 | 18.0 | 1.2 | 1.7 | 2.0 | 40.8 |
| Siemens | SELL | 1,012 | 975 | (3.7) | 360 | 5.3 | 356 | 24 | 29 | 36 | 20.0 | 23.4 | 23.5 | 42.7 | 34.6 | 28.0 | 24.3 | 19.4 | 15.5 | 4.4 | 4.2 | 3.9 | 10.7 | 12.4 | 14.3 | 1.0 | 1.2 | 1.5 | 3.8 |
| Thermax | REDUCE | 1,125 | 1,065 | (5.3) | 134 | 2.0 | 113 | 21 | 30 | 42 | (3.6) | 44.2 | 42.8 | 54.6 | 37.8 | 26.5 | 33.2 | 23.7 | 16.9 | 4.7 | 4.3 | 3.8 | 8.8 | 11.8 | 15.3 | 0.5 | 0.7 | 0.8 | 1.0 |
| Voltas | SELL | 521 | 525 | 0.7 | 172 | 2.5 | 331 | 17 | 19 | 22 | 12.6 | 8.3 | 15.6 | 30.1 | 27.8 | 24.1 | 25.0 | 21.2 | 17.6 | 4.4 | 4.0 | 3.5 | 15.9 | 15.0 | 15.5 | 0.8 | 0.8 | 1.0 | 14.7 |
| Industrials | | Neutral | | | 3,974 | 58 | | | | | 19.6 | 21.8 | 26.7 | 31.0 | 25.4 | 20.1 | 20.3 | 17.2 | 14.2 | 3.4 | 3.1 | 2.9 | 10.8 | 12.3 | 14.4 | 1.1 | 1.5 | 2.0 | 99.7 |
| Infrastructure | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Adani Ports and SEZ | BUY | 371 | 470 | 26.8 | 767 | 11.3 | 2,071 | 20 | 20 | 23 | 6.1 | (0.2) | 14.7 | 18.5 | 18.5 | 16.1 | 13.2 | 12.8 | 11.2 | 3.6 | 3.1 | 2.7 | 21.5 | 18.1 | 17.9 | 0.6 | 0.7 | 0.8 | 20.1 |
| Ashoka Buildcon | BUY | 232 | 310 | 33.6 | 43 | 0.6 | 188 | 12 | 13 | 13 | 18.9 | 9.0 | 4.5 | 19.9 | 18.3 | 17.5 | 14.5 | 12.5 | 11.1 | 2.1 | 1.9 | 1.7 | 11.2 | 10.9 | 10.2 | 0.8 | 1.4 | 0.9 | 1.4 |
| Container Corp. | SELL | 1,233 | 1,265 | 2.6 | 300 | 4.4 | 244 | 35 | 42 | 51 | 7.3 | 20.0 | 21.4 | 34.9 | 29.0 | 23.9 | 23.0 | 17.9 | 14.1 | 3.2 | 3.0 | 2.7 | 9.4 | 10.6 | 11.9 | 1.4 | 1.4 | 1.7 | 8.4 |
| Dilip Buildcon | BUY | 839 | 1,220 | 45.5 | 115 | 1.7 | 137 | 46 | 54 | 69 | 76.5 | 16.1 | 28.0 | 18.0 | 15.6 | 12.2 | 10.0 | 7.3 | 6.0 | 4.7 | 3.5 | 2.7 | 29.5 | 25.9 | 25.4 | — | — | — | 9.3 |
| Gateway Distriparks | BUY | 179 | 250 | 39.9 | 19 | 0.3 | 109 | 8 | 8 | 9 | 12.1 | (1.2) | 17.5 | 23.4 | 23.7 | 20.1 | 22.3 | 10.9 | 9.1 | 1.9 | 3.8 | 3.4 | 8.2 | 10.8 | 17.6 | 3.9 | — | 1.7 | 0.8 |
| Gujarat Pipavav Port | BUY | 115 | 170 | 47.8 | 56 | 0.8 | 483 | 4.1 | 5.9 | 7.2 | (20.6) | 43.7 | 22.5 | 28.0 | 19.5 | 15.9 | 13.7 | 11.4 | 9.0 | 2.8 | 2.7 | 2.6 | 9.8 | 14.0 | 16.8 | 3.0 | 4.2 | 5.1 | 0.5 |
| IRB Infrastructure | BUY | 226 | 330 | 46.0 | 79 | 1.2 | 351 | 23 | 31 | 33 | 10.8 | 36.8 | 7.1 | 10.0 | 7.3 | 6.8 | 7.3 | 6.9 | 7.4 | 1.4 | 1.2 | 1.0 | 14.5 | 17.6 | 16.3 | 1.0 | 1.4 | 1.8 | 11.9 |
| Mahindra Logistics | BUY | 631 | 540 | (14.4) | 45 | 0.7 | 71 | 10 | 14 | 19 | 16.2 | 44.3 | 32.0 | 64.3 | 44.6 | 33.8 | 37.2 | 25.0 | 18.9 | 10.7 | 8.9 | 7.3 | 18.2 | 21.8 | 23.8 | — | — | — | 0.8 |
| Sadbhav Engineering | ADD | 307 | 460 | 49.8 | 53 | 0.8 | 172 | 13 | 19 | 20 | 17.4 | 50.5 | 0.8 | 23.9 | 15.9 | 15.7 | 16.2 | 13.6 | 10.2 | 2.8 | 2.4 | 2.1 | 12.5 | 16.5 | 14.4 | — | — | — | 0.7 |
| Infrastructure | | Attractive | | | 1,478 | 22 | | | | | 10.5 | 11.2 | 15.4 | 20.4 | 18.4 | 15.9 | 13.0 | 11.5 | 10.1 | 3.2 | 2.8 | 2.5 | 15.7 | 15.4 | 15.5 | 0.8 | 0.9 | 1.1 | 54.1 |
| Internet | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Info Edge | REDUCE | 1,201 | 1,290 | 7.4 | 146 | 2.2 | 122 | 23 | 26 | 33 | 33.3 | 14.6 | 27.8 | 53.3 | 46.5 | 36.4 | 44.0 | 33.8 | 25.7 | 6.9 | 5.6 | 5.0 | 13.4 | 13.3 | 14.6 | 0.5 | 0.6 | 0.7 | 1.5 |
| Just Dial | BUY | 565 | 550 | (2.7) | 38 | 0.6 | 67 | 21 | 25 | 28 | 21.7 | 16.7 | 12.9 | 26.6 | 22.8 | 20.2 | 15.8 | 13.2 | 11.0 | 3.9 | 3.4 | 2.9 | 15.2 | 15.9 | 15.6 | — | 0.4 | 0.5 | 41.4 |
| Internet | | Cautious | | | 184 | 3 | | | | | 28.0 | 15.4 | 22.6 | 44.2 | 38.4 | 31.3 | 33.9 | 27.0 | 21.4 | 6.0 | 4.9 | 4.4 | 13.5 | 12.9 | 14.1 | 0.4 | 0.6 | 0.6 | 42.9 |
| Media | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DB Corp. | REDUCE | 264 | 295 | 11.7 | 49 | 0.7 | 184 | 18 | 20 | 24 | (14.1) | 13.2 | 18.8 | 15.0 | 13.2 | 11.1 | 8.0 | 7.0 | 5.9 | 2.9 | 2.8 | 2.7 | 19.9 | 21.5 | 24.5 | 4.9 | 6.1 | 7.6 | 0.5 |
| DishTV | ADD | 72 | 84 | 16.5 | 133 | 2.0 | 1,925 | (0.4) | 1.7 | 3.0 | (143.0) | 482.0 | 76.2 | NM | 42.8 | 24.3 | 11.8 | 6.4 | 5.2 | 2.1 | 2.0 | 1.8 | (2.3) | 4.7 | 7.8 | — | — | — | 9.3 |
| Jagran Prakashan | REDUCE | 146 | 168 | 14.7 | 46 | 0.7 | 311 | 10 | 12 | 14 | (6.0) | 21.7 | 15.3 | 14.6 | 12.0 | 10.4 | 6.7 | 6.0 | 5.2 | 2.2 | 2.2 | 2.1 | 14.8 | 18.1 | 20.9 | 2.0 | 3.4 | 6.1 | 0.9 |
| PVR | REDUCE | 1,377 | 1,425 | 3.5 | 64 | 0.9 | 47 | 27 | 38 | 50 | 25.5 | 39.8 | 33.2 | 51.3 | 36.7 | 27.5 | 17.2 | 14.2 | 11.7 | 6.0 | 5.2 | 4.5 | 12.3 | 15.2 | 17.5 | 0.1 | 0.3 | 0.4 | 6.2 |
| Sun TV Network | REDUCE | 883 | 975 | 10.4 | 348 | 5.1 | 394 | 29 | 35 | 40 | 10.2 | 23.1 | 13.7 | 30.6 | 24.9 | 21.9 | 20.6 | 16.9 | 14.4 | 7.5 | 6.7 | 6.0 | 26.3 | 28.5 | 28.9 | 1.1 | 2.0 | 2.3 | 21.6 |
| Zee Entertainment Enterprises | ADD | 561 | 625 | 11.4 | 539 | 7.9 | 961 | 15 | 17 | 20 | 7.8 | 13.8 | 16.6 | 37.4 | 32.8 | 28.2 | 24.4 | 21.4 | 18.0 | 7.1 | 6.2 | 5.4 | 20.3 | 20.2 | 20.5 | 0.5 | 0.8 | 1.0 | 14.8 |
| Media | | Attractive | | | 1,178 | 17 | | | | | (1.5) | 31.1 | 20.9 | 36.2 | 27.6 | 22.8 | 17.5 | 13.5 | 11.5 | 5.0 | 4.6 | 4.1 | 13.7 | 16.5 | 18.0 | 0.9 | 1.3 | 1.7 | 53.3 |

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

| Company | Rating | Price (Rs) | Target price (Rs) | Upside (%) | Mkt cap. (Rs bn) | O/S shares (mn) | EPS (Rs) | | | EPS growth (%) | | | P/E (X) | | | EV/EBITDA (X) | | | P/B (X) | | | RoE (%) | | | Dividend yield (%) | | | ADVT 3mo (US\$ mn) | |
|---------------------------|------------|------------|-------------------|------------|------------------|-----------------|----------|------|-------|----------------|--------|--------|---------|--------|-------|---------------|-------|-------|---------|------|-------|---------|-------|-------|--------------------|------|-------|--------------------|-------|
| | | 18-Jun-18 | | | | | | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | |
| Metals & Mining | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Coal India | ADD | 274 | 326 | 18.9 | 1,702 | 25.0 | 6,207 | 11 | 27 | 28 | (24.2) | 138.2 | 3.0 | 24.2 | 10.2 | 9.9 | 18.1 | 6.5 | 6.2 | 7.0 | 6.4 | 6.7 | 26.7 | 66.1 | 66.4 | 6.0 | 7.3 | 9.1 | 12.8 |
| Hindalco Industries | BUY | 231 | 315 | 36.4 | 519 | 7.6 | 2,229 | 22 | 27 | 31 | 155.4 | 23.5 | 14.3 | 10.6 | 8.6 | 7.5 | 6.5 | 5.6 | 4.8 | 0.9 | 0.9 | 0.8 | 9.7 | 10.4 | 10.8 | 0.5 | 0.5 | 0.5 | 44.1 |
| Hindustan Zinc | REDUCE | 298 | 325 | 9.1 | 1,259 | 18.5 | 4,225 | 22 | 24 | 28 | 9.3 | 13.6 | 13.8 | 13.9 | 12.2 | 10.7 | 8.6 | 7.1 | 5.9 | 3.5 | 3.0 | 2.5 | 27.2 | 26.4 | 25.6 | 2.7 | 2.7 | 2.8 | 10.2 |
| Jindal Steel and Power | REDUCE | 230 | 255 | 11.1 | 222 | 3.3 | 968 | (8) | 8 | 18 | 59.3 | 194.2 | 129.1 | (27.0) | 28.7 | 12.5 | 9.9 | 7.1 | 6.1 | 0.7 | 0.7 | 0.7 | (2.7) | 2.6 | 5.7 | — | — | — | 31.3 |
| JSW Steel | ADD | 327 | 345 | 5.5 | 791 | 11.6 | 2,417 | 27 | 27 | 25 | 83.9 | (0.7) | (5.7) | 12.2 | 12.3 | 13.0 | 7.9 | 7.3 | 7.8 | 2.7 | 2.3 | 2.0 | 24.8 | 20.4 | 16.5 | 1.0 | 1.0 | 1.0 | 20.0 |
| National Aluminium Co. | ADD | 69 | 85 | 23.5 | 133 | 2.0 | 1,933 | 4 | 7 | 7 | 12.7 | 63.0 | 11.1 | 16.7 | 10.2 | 9.2 | 7.1 | 4.7 | 4.3 | 1.3 | 1.3 | 1.2 | 7.7 | 12.4 | 13.6 | 8.3 | 8.0 | 8.0 | 12.8 |
| NMDC | REDUCE | 112 | 125 | 11.6 | 355 | 5.2 | 3,164 | 12 | 10 | 10 | 43.3 | (16.5) | 3.6 | 9.6 | 11.4 | 11.1 | 5.3 | 7.0 | 6.7 | 1.5 | 1.4 | 1.3 | 15.8 | 12.5 | 12.4 | 4.9 | 4.9 | 4.9 | 5.1 |
| Tata Steel | ADD | 559 | 710 | 27.1 | 640 | 9.4 | 1,205 | 67 | 69 | 73 | 62.6 | 3.1 | 5.3 | 8.3 | 8 | 7.6 | 6.2 | 6.1 | 5.7 | 1.1 | 1.0 | 0.9 | 17.2 | 13.1 | 12.1 | 1.7 | 1.8 | 1.8 | 76.1 |
| Vedanta | BUY | 232 | 415 | 78.7 | 863 | 12.7 | 3,717 | 22 | 37 | 43 | 9.6 | 71.9 | 16.9 | 10.8 | 6.3 | 5.4 | 5.8 | 4.3 | 3.6 | 1.4 | 1.2 | 1.1 | 12.9 | 20.6 | 21.4 | 3.4 | 4.8 | 5.6 | 57.9 |
| Metals & Mining | Attractive | | | | 6,483 | 95 | | | | | 32.3 | 41.4 | 9.7 | 13.7 | 9.7 | 8.8 | 7.7 | 6.0 | 5.4 | 2.0 | 1.8 | 1.6 | 14.3 | 18.0 | 17.9 | 3.3 | 3.9 | 4.5 | 270.3 |
| Pharmaceutical | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apollo Hospitals | ADD | 1,053 | 1,090 | 3.5 | 146 | 2.2 | 139 | 8 | 19 | 26 | (46.9) | 124.3 | 38.0 | 124.8 | 55.6 | 40.3 | 22.4 | 19.1 | 16.1 | 4.5 | 4.3 | 4.0 | 3.4 | 7.9 | 10.2 | 0.2 | 0.4 | 0.6 | 6.2 |
| Aurobindo Pharma | ADD | 614 | 640 | 4.3 | 360 | 5.3 | 584 | 42 | 43 | 46 | 6.0 | 2.3 | 7.9 | 14.7 | 14.4 | 13.3 | 10.3 | 9.9 | 8.9 | 3.1 | 2.6 | 2.2 | 23.2 | 19.5 | 16.6 | 0.7 | 0.8 | 1.0 | 20.3 |
| Biocon | SELL | 620 | 300 | (51.6) | 372 | 5.5 | 601 | 6 | 8 | 15 | (39.2) | 26.8 | 86.5 | 100.1 | 79.0 | 42.3 | 44.9 | 33.1 | 21.6 | 6.6 | 6.2 | 5.6 | 6.9 | 8.1 | 13.8 | 0.3 | 0.4 | 0.8 | 24.5 |
| Cipla | BUY | 607 | 650 | 7.2 | 488 | 7.2 | 805 | 18 | 26 | 34 | 40.2 | 46.7 | 32.4 | 34.6 | 23.6 | 17.8 | 18.0 | 13.4 | 10.5 | 3.4 | 3.0 | 2.7 | 10.2 | 13.4 | 15.9 | 0.6 | 0.9 | 1.2 | 22.3 |
| Dr Lal Pathlabs | REDUCE | 874 | 865 | (1.0) | 73 | 1.1 | 83 | 20 | 25 | 29 | 7.0 | 20.8 | 18.5 | 42.7 | 35.4 | 29.9 | 25.9 | 21.7 | 18.1 | 9.2 | 7.7 | 6.4 | 23.5 | 23.7 | 23.4 | 0.5 | 0.6 | 0.7 | 1.1 |
| Dr Reddy's Laboratories | REDUCE | 2,386 | 2,250 | (5.7) | 396 | 5.8 | 166 | 59 | 101 | 134 | (18.5) | 71.0 | 32.6 | 40.4 | 23.6 | 17.8 | 18.6 | 11.8 | 8.8 | 3.1 | 2.8 | 2.5 | 7.8 | 12.6 | 13.9 | 0.9 | 0.6 | 0.9 | 24.5 |
| HCG | REDUCE | 282 | 305 | 8.3 | 24 | 0.4 | 85 | 2 | 3 | 5 | (40.0) | 120.9 | 57.3 | 180.0 | 81.5 | 51.8 | 23.5 | 18.3 | 15.6 | 4.7 | 4.4 | 4.1 | 2.8 | 5.5 | 8.1 | — | — | — | 0.3 |
| Laurus Labs | ADD | 499 | 540 | 8.3 | 53 | 0.8 | 106 | 16 | 22 | 34 | (11.9) | 37.3 | 54.4 | 31.5 | 22.9 | 14.8 | 15.2 | 12.4 | 9.1 | 3.6 | 3.1 | 2.5 | 11.9 | 14.4 | 18.8 | — | — | — | 0.9 |
| Lupin | REDUCE | 902 | 800 | (11.3) | 408 | 6.0 | 450 | 38 | 34 | 45 | (32.9) | (9.7) | 30.2 | 23.7 | 26.2 | 20.1 | 14.5 | 13.1 | 10.7 | 3.0 | 2.7 | 2.4 | 12.6 | 10.9 | 12.8 | 0.6 | 0.6 | 0.7 | 26.4 |
| Narayana Hrudayalaya | ADD | 232 | 275 | 18.5 | 47 | 0.7 | 204 | 3 | 4 | 7 | (38.1) | 52.2 | 76.9 | 92.3 | 60.6 | 34.3 | 25.6 | 19.4 | 14.2 | 4.6 | 4.3 | 3.8 | 5.1 | 7.3 | 11.7 | — | — | — | 0.5 |
| Sun Pharmaceuticals | REDUCE | 570 | 500 | (12.3) | 1,368 | 20.1 | 2,406 | 15 | 17 | 24 | (47.5) | 12.0 | 42.0 | 37.6 | 33.5 | 23.6 | 22.2 | 18.2 | 13.4 | 3.6 | 3.3 | 2.9 | 9.8 | 10.2 | 13.1 | 0.4 | 0.6 | 0.8 | 47.7 |
| Torrent Pharmaceuticals | NR | 1,484 | — | — | 251 | 3.7 | 169 | 40 | 47 | 62 | (27.4) | 16.5 | 32.4 | 37.0 | 31.8 | 24.0 | 20.7 | 14.8 | 12.3 | 5.4 | 4.8 | 4.2 | 15.1 | 15.1 | 17.3 | 0.6 | 0.7 | 1.0 | 5.0 |
| Pharmaceuticals | Neutral | | | | 3,987 | 59 | | | | | (27.6) | 18.6 | 33.0 | 33.9 | 28.6 | 21.5 | 18.8 | 15.2 | 11.9 | 3.7 | 3.3 | 2.9 | 10.9 | 11.6 | 13.7 | 0.5 | 0.6 | 0.9 | 179.7 |
| Real Estate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Brigade Enterprises | BUY | 241 | 340 | 40.8 | 33 | 0.5 | 136 | 10 | 9 | 9 | (24.0) | (9.0) | (2.1) | 23.6 | 25.9 | 26.5 | 12.0 | 12.2 | 11.9 | 1.4 | 1.4 | 1.3 | 7.0 | 5.4 | 5.1 | 1.0 | 1.0 | 1.0 | 0.4 |
| DLF | RS | 200 | — | — | 356 | 5.2 | 1,784 | 19.6 | 6.5 | 3.9 | 403.9 | (66.9) | (39.6) | 10.2 | 30.8 | 50.9 | 29.9 | 13.0 | 12.8 | 1.0 | 1.0 | 1.0 | 11.7 | 3.2 | 1.9 | 1.0 | 1.0 | 1.0 | 19.9 |
| Godrej Properties | SELL | 759 | 400 | (47.3) | 164 | 2.4 | 216 | 8.0 | 8.7 | 15.5 | (15.8) | 8.2 | 77.9 | 94.2 | 87.1 | 49.0 | 102.7 | 371.2 | 70.5 | 7.5 | 6.9 | 6.1 | 8.3 | 8.3 | 13.2 | — | — | — | 2.8 |
| Oberoi Realty | REDUCE | 510 | 535 | 4.9 | 173 | 2.5 | 340 | 14 | 57 | 50 | 21.4 | 318.9 | (12.7) | 37.7 | 9.0 | 10.3 | 28.0 | 9.7 | 14.4 | 2.8 | 2.2 | 1.8 | 7.8 | 27.5 | 19.2 | 0.4 | 0.4 | 0.4 | 3.5 |
| Prestige Estates Projects | ADD | 269 | 315 | 17.1 | 101 | 1.5 | 375 | 9 | 12 | 13 | (6.7) | 30.0 | 5.9 | 28.6 | 22.0 | 20.8 | 15.7 | 13.8 | 13.7 | 2.1 | 2.0 | 1.8 | 7.7 | 9.3 | 9.1 | 0.6 | 0.6 | 0.6 | 0.9 |
| Sobha | REDUCE | 491 | 510 | 3.9 | 47 | 0.7 | 96 | 21 | 23 | 26 | 25.6 | 9.1 | 13.4 | 23.4 | 21.5 | 18.9 | 13.4 | 12.8 | 12.0 | 1.7 | 1.6 | 1.5 | 7.5 | 7.8 | 8.3 | 1.4 | 1.4 | 1.4 | 2.4 |
| Sunteck Realty | REDUCE | 391 | 330 | (15.7) | 57 | 0.8 | 140 | 17 | 16 | 17 | 19.3 | (6.4) | 2.6 | 22.5 | 24.0 | 23.4 | 16.5 | 20.0 | 20.1 | 2.1 | 1.9 | 1.8 | 10.9 | 8.2 | 7.8 | 0.3 | 0.3 | 0.3 | 1.7 |
| Real Estate | Neutral | | | | 931 | 14 | | | | | 133.0 | (15.1) | (11.5) | 18.4 | 21.6 | 24.4 | 24.7 | 14.7 | 15.3 | 1.7 | 1.6 | 1.5 | 9.0 | 7.2 | 6.1 | 0.6 | 0.6 | 0.6 | 31.7 |

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

| Company | Rating | Price (Rs) | Target price | Upside (%) | Mkt cap. (Rs bn) | (US\$ bn) | O/S shares (mn) | EPS (Rs) | | | EPS growth (%) | | | P/E (X) | | | EV/EBITDA (X) | | | P/B (X) | | | RoE (%) | | | Dividend yield (%) | | | ADVT 3mo (US\$ mn) |
|-----------------------|------------|------------|--------------|------------|------------------|-----------|-----------------|----------|-------|-------|----------------|-----------|-------|---------|--------|---------|---------------|-------|-------|---------|-------|-------|---------|--------|--------|--------------------|-------|-------|--------------------|
| | | 18-Jun-18 | (Rs) | | | | | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | |
| Technology | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HCL Technologies | REDUCE | 933 | 1,010 | 8.2 | 1,299 | 19.1 | 1,409 | 62 | 68 | 71 | 5.3 | 9.0 | 5.0 | 15.0 | 13.7 | 13.1 | 10.5 | 8.8 | 8.1 | 3.6 | 3.0 | 2.7 | 24.8 | 23.8 | 21.9 | 0.9 | 3.1 | 3.3 | 31.0 |
| Hexaware Technologies | SELL | 436 | 420 | (3.7) | 129 | 1.9 | 304 | 16 | 20 | 22 | 19.8 | 20.5 | 12.5 | 26.6 | 22.0 | 19.6 | 18.9 | 15.9 | 13.6 | 6.6 | 5.7 | 4.9 | 26.6 | 27.8 | 27.0 | 0.9 | 1.8 | 1.8 | 12.2 |
| Infosys | ADD | 1,267 | 1,350 | 6.5 | 2,768 | 40.7 | 2,175 | 65 | 70 | 76 | 3.0 | 8.1 | 9.5 | 19.6 | 18.1 | 16.6 | 13.5 | 12.4 | 11.1 | 4.2 | 4.0 | 3.7 | 21.8 | 22.7 | 23.1 | 2.2 | 3.4 | 3.1 | 78.3 |
| L&T Infotech | ADD | 1,685 | 1,650 | (2.1) | 290 | 4.3 | 175 | 64 | 73 | 86 | 13.9 | 14.6 | 17.4 | 26.5 | 23.1 | 19.7 | 23.0 | 17.2 | 14.4 | 7.6 | 6.4 | 5.3 | 31.8 | 30.0 | 29.4 | 1.0 | 1.4 | 1.6 | 5.0 |
| Mindtree | ADD | 992 | 1,015 | 2.3 | 163 | 2.4 | 165 | 35 | 43 | 52 | 37.8 | 23.2 | 23.2 | 28.7 | 23.3 | 18.9 | 20.8 | 14.6 | 11.8 | 6.0 | 5.1 | 4.4 | 21.4 | 23.6 | 24.9 | 1.1 | 1.3 | 1.6 | 32.5 |
| Mphasis | SELL | 1,098 | 760 | (30.8) | 212 | 3.1 | 193 | 44 | 52 | 56 | 14.4 | 18.3 | 8.2 | 25.0 | 21.2 | 19.6 | 18.0 | 14.6 | 13.0 | 3.9 | 3.5 | 3.2 | 14.6 | 17.4 | 17.1 | 1.8 | 1.8 | 1.8 | 11.3 |
| TCS | REDUCE | 1,829 | 1,650 | (9.8) | 7,002 | 102.9 | 3,829 | 67 | 78 | 84 | 1.1 | 15.0 | 8.8 | 27.1 | 23.6 | 21.7 | 20.1 | 17.1 | 15.5 | 8.0 | 7.5 | 6.9 | 29.4 | 32.7 | 33.1 | 1.4 | 2.8 | 3.0 | 105.4 |
| Tech Mahindra | ADD | 711 | 775 | 9.1 | 627 | 9.2 | 891 | 43 | 45 | 53 | 33.1 | 6.6 | 15.8 | 16.7 | 15.6 | 13.5 | 12.3 | 9.5 | 7.8 | 3.4 | 2.9 | 2.5 | 21.5 | 19.9 | 19.7 | 2.0 | 1.3 | 1.4 | 32.8 |
| Wipro | REDUCE | 266 | 295 | 11.0 | 1,202 | 17.7 | 4,507 | 17 | 19 | 21 | (3.1) | 11.1 | 13.7 | 15.7 | 14.1 | 12.4 | 9.9 | 8.4 | 7.3 | 2.5 | 2.1 | 2.0 | 16.0 | 16.3 | 16.6 | 0.4 | 0.6 | 3.8 | 11.8 |
| Technology | Cautious | | | | 13,694 | 201 | | | | | 1.6 | 9.9 | 9.8 | 21.4 | 19.5 | 17.7 | 15.5 | 13.3 | 11.9 | 5.1 | 4.6 | 4.2 | 23.7 | 23.5 | 23.5 | 1.4 | 2.6 | 3.0 | 320.2 |
| Telecom | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bharti Airtel | ADD | 371 | 470 | 26.7 | 1,483 | 21.8 | 3,997 | 5 | (4) | 0 | (42.9) | (187.4) | 104.6 | 78.4 | (89.6) | 1,963.0 | 8.2 | 9.3 | 7.5 | 2.1 | 2.2 | 2.2 | 2.8 | (2.4) | 0.1 | 1.4 | 0.3 | 0.0 | 40.2 |
| Bharti Infratel | SELL | 291 | 285 | (2.2) | 539 | 7.9 | 1,850 | 14 | 13 | 11 | (7.4) | (8.7) | (9.0) | 21.2 | 23.2 | 25.5 | 7.7 | 8.4 | 8.9 | 3.2 | 3.3 | 3.3 | 15.7 | 14.0 | 13.1 | 4.9 | 3.5 | 3.2 | 15.6 |
| IDEA | REDUCE | 62 | 75 | 20.5 | 271 | 4.0 | 4,359 | (10) | (15) | (14) | (656.8) | (54.9) | 6.4 | (6.5) | (4.2) | (4.5) | 12.9 | 23.5 | 17.4 | 1.0 | 1.3 | 1.8 | (16.0) | (26.9) | (34.0) | — | — | — | 17.3 |
| Tata Communications | ADD | 605 | 725 | 19.9 | 172 | 2.5 | 285 | 2 | 4 | 8 | (84.3) | 121.9 | 117.7 | 367 | 165.6 | 76.1 | 10.9 | 9.8 | 8.6 | 34.5 | 27.9 | 20.1 | 4.5 | 18.6 | 30.7 | 1.1 | 1.1 | 1.2 | 4.7 |
| Telecom Utilities | Cautious | | | | 2,465 | 36 | | | | | (94.7) | (1,906.6) | 36.2 | 783.8 | (43.4) | (68.0) | 8.9 | 10.5 | 8.7 | 2.2 | 2.4 | 2.5 | 0.3 | (5.5) | (3.7) | 1.9 | 0.9 | 0.7 | 77.8 |
| Utilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CESC | ADD | 978 | 1,180 | 20.6 | 130 | 1.9 | 133 | 87 | 102 | 118 | 67.1 | 16.8 | 15.5 | 11.2 | 9.6 | 8.3 | 7.9 | 5.8 | 5.1 | 0.9 | 0.8 | 0.8 | 7.9 | 8.8 | 9.4 | 1.3 | 1.0 | 1.1 | 7.2 |
| JSW Energy | REDUCE | 72 | 80 | 11.3 | 118 | 1.7 | 1,640 | 3.1 | 5.9 | 8.2 | (19.2) | 92.2 | 38.7 | 23.4 | 12.2 | 8.8 | 7.2 | 5.7 | 4.7 | 1.1 | 1.0 | 0.9 | 4.7 | 8.5 | 11.0 | 2.8 | 2.8 | 2.8 | 2.3 |
| NHPC | ADD | 26 | 30 | 17.2 | 263 | 3.9 | 10,260 | 2.4 | 3.1 | 3.2 | (17.3) | 26.9 | 1.8 | 10.5 | 8.3 | 8.1 | 9.5 | 7.5 | 7.3 | 0.9 | 0.8 | 0.8 | 8.5 | 10.4 | 10.2 | 5.5 | 6.8 | 6.9 | 2.3 |
| NTPC | BUY | 157 | 190 | 21.0 | 1,295 | 19.0 | 8,245 | 11 | 15 | 16 | (7.6) | 30.9 | 4.4 | 13.8 | 10.5 | 10.1 | 11.1 | 8.6 | 8.0 | 1.3 | 1.2 | 1.1 | 9.5 | 11.6 | 11.3 | 3.6 | 2.8 | 3.0 | 12.6 |
| Power Grid | BUY | 199 | 250 | 25.8 | 1,039 | 15.3 | 5,232 | 16 | 19 | 21 | 9.6 | 19.3 | 13.6 | 12.6 | 10.6 | 9.3 | 8.7 | 7.4 | 6.8 | 1.9 | 1.7 | 1.5 | 15.8 | 17.1 | 17.5 | 2.6 | 3.2 | 3.6 | 31.0 |
| Reliance Power | SELL | 35 | 43 | 23.9 | 97 | 1.4 | 2,805 | 3.5 | 5.1 | 5.2 | (16.4) | 45.6 | 2.7 | 10.0 | 6.8 | 6.7 | 8.0 | 6.9 | 6.7 | 0.4 | 0.4 | 0.4 | 4.5 | 6.1 | 5.9 | — | — | — | 5.0 |
| Tata Power | ADD | 75 | 97 | 29.3 | 203 | 3.0 | 2,705 | 5.3 | 7.8 | 8.7 | (9.6) | 46.1 | 11.2 | 14.0 | 9.6 | 8.6 | 10.4 | 9.6 | 8.7 | 1.3 | 1.2 | 1.0 | 10.7 | 12.9 | 12.7 | — | — | — | 6.4 |
| Utilities | Attractive | | | | 3,144 | 46 | | | | | (2.4) | 28.6 | 9.0 | 13.0 | 10.1 | 9.3 | 9.5 | 7.8 | 7.2 | 1.3 | 1.2 | 1.1 | 9.7 | 11.5 | 11.6 | 3.0 | 2.9 | 3.1 | 66.7 |

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

| Company | Rating | Price (Rs) | Target price (Rs) | Upside (%) | Mkt cap. | | O/S shares (mn) | EPS (Rs) | | | EPS growth (%) | | | P/E (X) | | | EV/EBITDA (X) | | | P/B (X) | | | RoE (%) | | | Dividend yield (%) | | | ADVT 3mo (US\$ mn) |
|--------------------------|--------|------------|-------------------|------------|----------|-----------|-----------------|----------|-------|-------|----------------|--------|-------|---------|-------|-------|---------------|-------|-------|---------|-------|-------|---------|-------|-------|--------------------|-------|-------|--------------------|
| | | 18-Jun-18 | (Rs) | (%) | (Rs bn) | (US\$ bn) | (mn) | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | 2018 | 2019E | 2020E | (US\$ mn) |
| Others | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Astral Poly Technik | SELL | 1,014 | 625 | (38.4) | 121 | 1.8 | 120 | 15 | 19 | 23 | 20.8 | 28.0 | 23.0 | 69.1 | 54.0 | 43.9 | 38.9 | 30.2 | 24.5 | 11.9 | 9.9 | 8.1 | 18.8 | 20.0 | 20.3 | 0.1 | 0.1 | 0.1 | 1.2 |
| Avenue Supermarts | SELL | 1,524 | 860 | (43.6) | 951 | 14.0 | 624 | 13 | 16 | 20 | 47.9 | 28.6 | 26.4 | 121.2 | 94.3 | 74.6 | 71.0 | 54.4 | 42.7 | 20.5 | 16.8 | 13.7 | 18.5 | 19.6 | 20.3 | — | — | — | — |
| Bayer Cropscience | REDUCE | 4,633 | 4,000 | (13.7) | 183 | 2.7 | 34 | 86 | 105 | 124 | 4.4 | 22.7 | 17.5 | 53.9 | 44.0 | 37.4 | 43.7 | 34.1 | 27.4 | 8.9 | 7.7 | 6.7 | 15.4 | 18.8 | 19.2 | 0.4 | 0.5 | 0.5 | 0.6 |
| Dhanuka Agritech | ADD | 585 | 680 | 16.2 | 29 | 0.4 | 49 | 26 | 28 | 32 | 7.7 | 8.9 | 15.4 | 22.8 | 20.9 | 18.1 | 16.7 | 14.4 | 12.1 | 4.5 | 3.9 | 3.4 | 21.9 | 20.1 | 20.0 | 0.9 | 1.0 | 1.2 | 0.1 |
| Godrej Agrovet | ADD | 663 | 650 | (2.0) | 127 | 1.9 | 189 | 12 | 16 | 20 | 6.9 | 39.8 | 24.6 | 57.6 | 41.2 | 33.1 | 29.6 | 22.8 | 18.5 | 7.4 | 6.5 | 5.5 | 14.7 | 16.9 | 17.9 | 0.3 | 0.4 | 0.5 | 2.8 |
| Godrej Industries | RS | 614 | — | — | 207 | 3.0 | 336 | 15 | 16 | 20 | 6.8 | 8.9 | 24.2 | 42.1 | 38.7 | 31.2 | 37.4 | 31.7 | 34.5 | 5.7 | 5.1 | 4.4 | 14.4 | 13.9 | 15.1 | 0.3 | 0.3 | 0.3 | 4.8 |
| InterGlobe Aviation | BUY | 1,241 | 1,500 | 20.8 | 477 | 7.0 | 383 | 59 | 79 | 107 | 27.2 | 35.0 | 34.9 | 21.2 | 15.7 | 11.6 | 12.5 | 9.1 | 6.4 | 6.7 | 4.9 | 3.6 | 41.3 | 36.0 | 35.4 | 0.5 | 0.7 | 0.9 | 25.8 |
| Kaveri Seed | SELL | 571 | 470 | (17.7) | 38 | 0.6 | 66 | 32 | 34 | 36 | 19.8 | 5.9 | 5.0 | 17.6 | 16.7 | 15.9 | 15.1 | 13.8 | 12.5 | 4.8 | 4.0 | 3.4 | 23.8 | 26.3 | 23.3 | 1.1 | 1.4 | 1.8 | 4.8 |
| PI Industries | BUY | 782 | 900 | 15.1 | 108 | 1.6 | 138 | 27 | 33 | 41 | (20.0) | 25.0 | 23.2 | 29.4 | 23.5 | 19.1 | 21.7 | 17.1 | 13.6 | 5.6 | 4.7 | 3.9 | 20.7 | 21.7 | 22.1 | 0.4 | 0.5 | 0.6 | 1.8 |
| Rallis India | ADD | 201 | 235 | 17.0 | 39 | 0.6 | 195 | 9 | 11 | 13 | (1.5) | 26.4 | 19.7 | 23.3 | 18.4 | 15.4 | 14.8 | 12.2 | 10.3 | 3.3 | 3.0 | 2.6 | 14.6 | 16.9 | 18.1 | 1.6 | 1.8 | 2.0 | 0.9 |
| SIS | REDUCE | 1,152 | 1,250 | 8.5 | 84 | 1.2 | 73 | 23 | 36 | 43 | 44.0 | 58.5 | 20.6 | 51.1 | 32.2 | 26.7 | 27.4 | 20.8 | 17.1 | 8.1 | 6.9 | 5.7 | 20.2 | 23.4 | 23.3 | 0.3 | 0.5 | 0.6 | 0.6 |
| SRF | BUY | 1,873 | 2,110 | 12.7 | 108 | 1.6 | 57 | 80 | 92 | 123 | (10.4) | 14.4 | 33.6 | 23.3 | 20.4 | 15.2 | 14.0 | 11.1 | 9.0 | 3.0 | 2.7 | 2.3 | 13.7 | 14.0 | 16.4 | 0.6 | 0.7 | 0.8 | 8.3 |
| Tata Chemicals | ADD | 732 | 760 | 3.8 | 187 | 2.7 | 255 | 51 | 46 | 52 | 6.5 | (11.2) | 13.6 | 14.2 | 16.0 | 14.1 | 7.9 | 6.8 | 5.7 | 1.7 | 1.5 | 1.4 | 13.8 | 10.0 | 10.5 | 3.0 | 2.0 | 2.3 | 9.7 |
| TeamLease Services | SELL | 3,248 | 1,750 | (46.1) | 56 | 0.8 | 17 | 43 | 59 | 76 | 28.0 | 37.7 | 27.2 | 75.3 | 54.7 | 43.0 | 78.8 | 55.8 | 43.2 | 12.6 | 10.2 | 8.3 | 18.2 | 20.6 | 21.3 | — | — | — | 2.4 |
| UPL | ADD | 692 | 850 | 22.8 | 353 | 5.2 | 507 | 43 | 47 | 53 | 20.9 | 9.0 | 13.5 | 16.1 | 14.8 | 13.0 | 11.1 | 9.7 | 8.2 | 3.8 | 3.2 | 2.7 | 26.4 | 23.6 | 22.4 | 1.2 | 1.4 | 1.6 | 13.7 |
| Vardhman Textiles | ADD | 1,229 | 1,400 | 13.9 | 71 | 1.0 | 56 | 103 | 130 | 140 | (8.0) | 26.4 | 7.4 | 11.9 | 9.4 | 8.8 | 10.0 | 7.4 | 6.7 | 1.4 | 1.3 | 1.2 | 12.7 | 14.3 | 13.8 | 1.2 | 1.6 | 2.4 | 0.9 |
| Whirlpool | SELL | 1,532 | 1,240 | (19.1) | 194 | 2.9 | 127 | 28 | 37 | 45 | 13.0 | 33.9 | 22.5 | 55.4 | 41.4 | 33.8 | 32.7 | 25.2 | 20.3 | 10.8 | 9.0 | 7.5 | 21.4 | 23.7 | 24.1 | 0.3 | 0.4 | 0.6 | 1.1 |
| Others | | | | | 3,331 | 49 | | | | | 15.1 | 19.0 | 22.4 | 32.6 | 27.4 | 22.4 | 21.0 | 17.0 | 13.8 | 5.9 | 5.0 | 4.2 | 18.1 | 18.2 | 18.9 | 0.5 | 0.6 | 0.7 | 79.4 |
| KIE universe | | | | | 108,304 | 1,591 | | | | | (6.2) | 29.0 | 25.6 | 26.9 | 20.8 | 16.6 | 12.5 | 10.6 | 9.3 | 2.9 | 2.7 | 2.4 | 11.0 | 12.9 | 14.6 | 1.3 | 1.5 | 1.8 | |
| KIE universe (ex-energy) | | | | | 95,221 | 1,399 | | | | | (8.4) | 37.0 | 30.4 | 31.7 | 23.1 | 17.7 | 14.0 | 11.7 | 10.2 | 3.3 | 3.0 | 2.7 | 10.3 | 12.9 | 15.1 | 1.2 | 1.4 | 1.7 | |

Notes:

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

(b) 2018 means calendar year 2017, similarly for 2019 and 2020 for these particular companies.

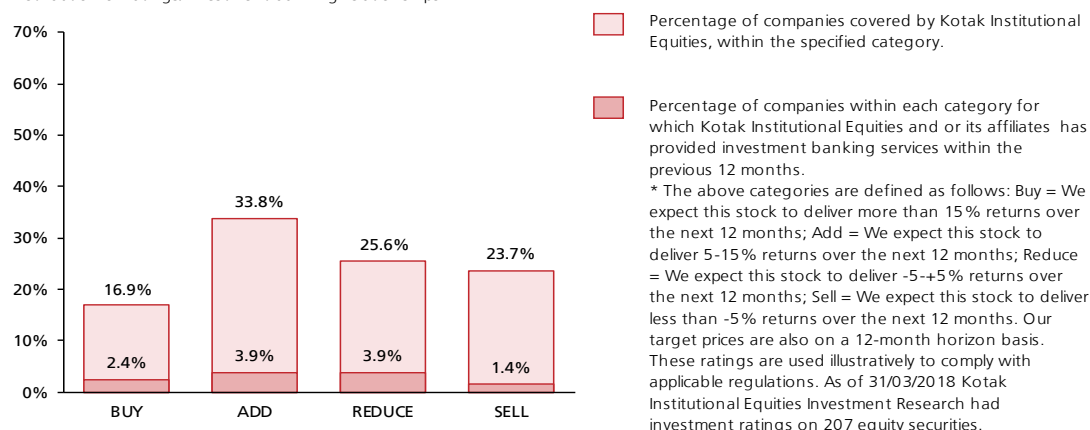
(c) Exchange rate (Rs/US\$)= 68.04

Source: Company, Bloomberg, Kotak Institutional Equities estimates

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Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



Source: Kotak Institutional Equities

As of March 31, 2018

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

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

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

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

Other definitions

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