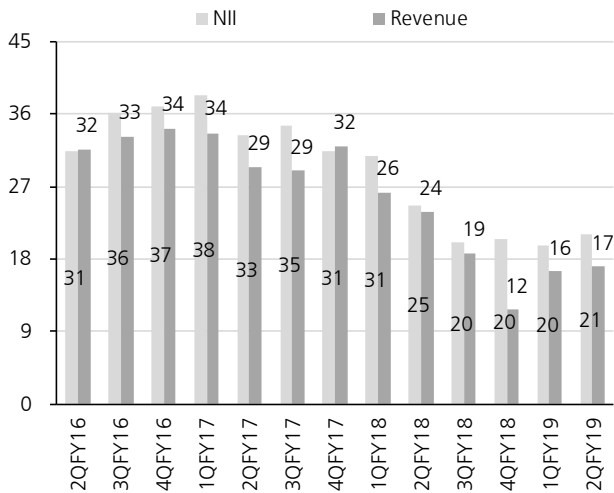


Exhibit 2: Revenue growth lags NII growth due to drop in treasury gains

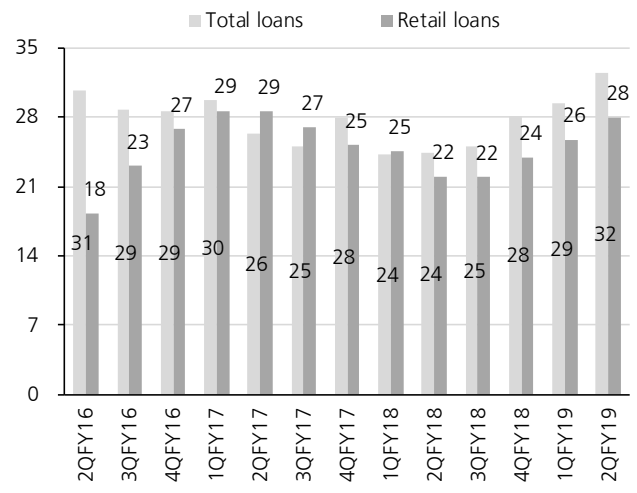
NII and total income growth, March fiscal year-ends, 2QFY16-2QFY19 (%)



Source: Company, Kotak Institutional Equities

Exhibit 3: Overall loan growth continues to improve; up 32% yoy

Total and retail loan growth, March fiscal year-ends, 2QFY16-2QFY19 (%)



Source: Company, Kotak Institutional Equities

Asset quality, barring exposure to the infrastructure company, stable qoq

GNPL and NNPL ratios were flat qoq at 1.1% and 0.5%, respectively in 2QFY19. Slippages for the quarter dropped to 1.1% from 1.3% qoq. Provision coverage ratio continued to remain high at 56% (down 40 bps qoq). Corporate slippages declined by 70 bps qoq to 1.5% but the retail portfolio saw a marginal rise in slippages (30 bps qoq to 2.2%). The bank's exposure to IL&FS is still classified as standard. The exposure is primarily towards the group's holding company and a specific subsidiary, which has a relatively high investment rating. The bank's exposure to the holding company has first right of access to any cash flow accruing to the group.

On the retail side, asset quality marginally deteriorated across most product classes indicated by rise in GNPL ratio. GNPL was 1% for CV (up 8 bps qoq), 4% for 2-Ws (up 23 bps qoq), 1.3% for UVs (down 5 bps qoq), 0.7% for CEs (down 15 bps qoq) and 0.8% for cars (up 10 bps qoq). Corporate slippages continue to show improvement and declined further to 0.5% from 1.2% in 1QFY19 and 2.5% in FY2018. The company has been gradually lending to companies with better credit profile.

IndusInd Bank published movement in weighted average risk score of the vehicle finance book, which hinted at stable performance in portfolio quality. Within the vehicle finance book, MHCVs and cars demonstrate superior risk profile compared to others.

We expect gross NPL ratio to be in the range of ~1.5% in medium term. We build in 1.6-2.1% slippages and ~80 bps of loan-loss provisions over next few years.

Exhibit 4: Slippages drop to 1.1%; corporate slippages show significant improvement

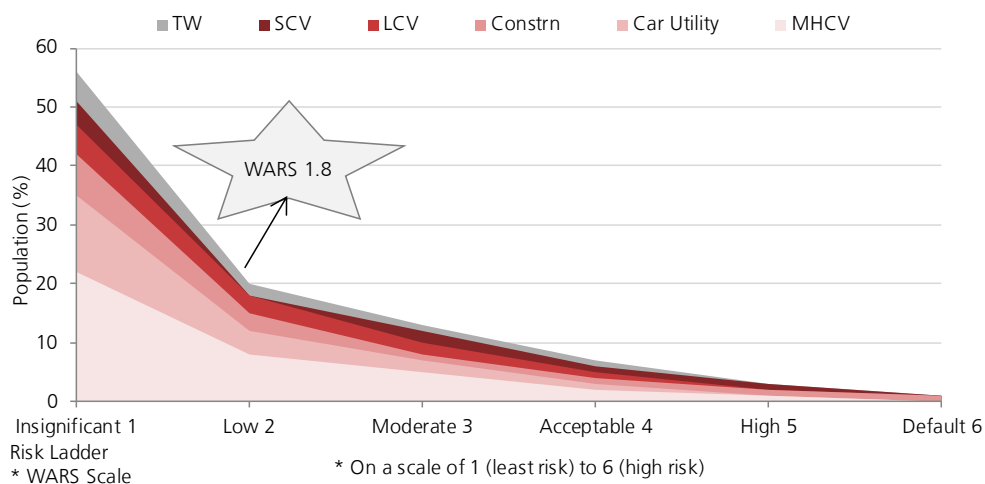
Gross and net NPL, March fiscal year-ends, 2011-2QFY19 (%)

	2011	2012	2013	2014	2015	2016	2017	2018	1QFY19	2QFY19
Gross NPL (Rs mn)	2,659	3,471	4,578	6,208	5,629	7,768	10,549	17,049	17,406	17,814
Wholesale (Rs mn)	820	1,100	1,990	3,100	2,340	3,820	5,440	10,530	11,100	10,610
Retail (Rs mn)	1,840	2,370	2,600	3,110	3,280	3,950	5,110	6,520	6,310	7,200
Commercial vehicle (%)	1.2	1.0	1.0	1.4	1.3	1.0	0.9	1.0	1.0	1.0
Utility vehicle (%)	1.1	1.3	0.9	0.9	1.1	1.2	1.1	1.3	1.4	1.3
Construction equipments (%)	1.4	1.2	1.2	1.3	1.5	1.3	1.2	1.1	0.9	0.7
3 Wheeler (%)	0.6	0.9	0.8	0.9	0.9	1.0	0.9	1.3	1.1	1.3
2 Wheeler (%)	3.9	3.4	3.0	2.5	2.6	3.1	3.6	3.9	3.7	4.0
Cars (%)	1.6	1.0	0.7	0.5	0.6	0.5	0.7	0.7	0.7	0.8
Gross NPL ratio (%)	1.0	1.0	1.0	1.1	0.8	0.9	0.9	1.2	1.2	1.1
Net NPL (Rs mn)	728	947	1,368	1,841	2,105	3,218	4,389	7,457	7,624	7,876
Net NPL ratio (%)	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.5	0.5
Provision coverage (%)	72.6	72.7	70.1	70.4	62.6	58.6	58.4	56.3	56.2	55.8
Loan-loss provisions (%)	0.8	0.6	0.6	0.8	0.7	0.8	0.6	0.6	0.4	0.9
Slippages (%)	0.9	1.1	1.5	1.4	1.6	1.2	1.6	2.1	1.3	1.1
Wholesale (%)	0.7	0.7	1.1	0.6	1.1	1.0	1.8	2.5	1.2	0.5
Retail (%)	2.0	1.7	1.6	1.9	1.8	1.9	1.9	2.3	1.9	2.2

Source: Company, Kotak Institutional Equities

Exhibit 5: Asset quality in the medium term is likely to be stable

Behavioral scoring of vehicle finance portfolio, March fiscal year-end, 2QFY19



Source: Company, Kotak Institutional Equities estimates

Exhibit 6: Commercial vehicles is probably at its sweetest point at this point

Break-up of loans across based on behavioral study, March fiscal year-end, 2QFY19

	Insignificant				Low				Moderate				Rest			
	Loan portfolio (Rs)	Value provided (X)	Amount (Rs)	Contribution to each segment (%)	Value provided (X)	Amount (Rs)	Contribution to each segment (%)	Value provided (X)	Amount (Rs)	Contribution to each segment (%)	Value provided (X)	Amount (Rs)	Contribution to each segment (%)	Value provided (X)	Amount (Rs)	Contribution to each segment (%)
CV	250,750	0.3	127,470	50.8	0.1	51,932	20.7	0.1	33,048	13.2	0.1	38,301	15.3			
Cars and utility	90,930	0.1	61,374	67.5	0.0	18,884	20.8	0.0	9,442	10.4	0.0	1,229	1.4			
Construction	62,900	0.1	33,048	52.5	0.0	14,163	22.5	0.0	4,721	7.5	0.0	10,968	17.4			
SCV	28,860	0.0	18,884	65.4	—	—	—	0.0	9,442	32.7	0.0	533	1.8			
Two wheelers	38,670	0.1	23,606	61.0	0.0	9,442	24.4	0.0	4,721	12.2	0.0	901	2.3			
Total	472,110		264,382	56.0		94,422	20.0		61,374	13.0		51,932	11.0			

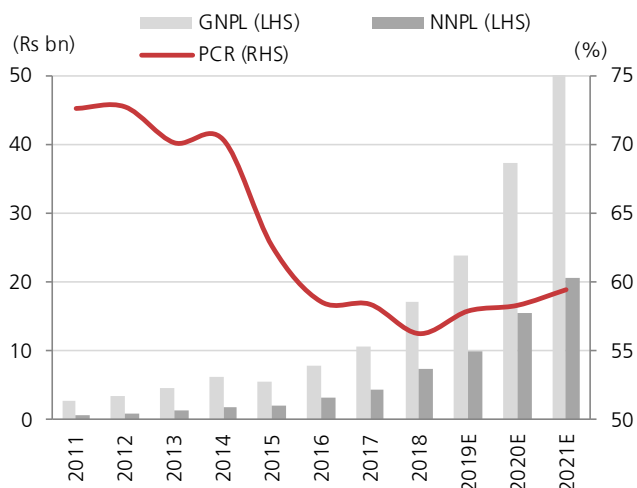
Notes:

- These are purely estimates based on our understanding of the table and it has not been verified by the management. Few decimal changes can have a wide impact on distribution of the portfolio.
- Commercial vehicles include medium and light commercial vehicles as we don't have a split between the two segments. Actual results can vary based on the split.
- Rest includes acceptable 5/6 and default. Value is quite small and insignificant.

Source: Company, Kotak Institutional Equities estimates

Exhibit 7: Stable trends on impaired loan ratio

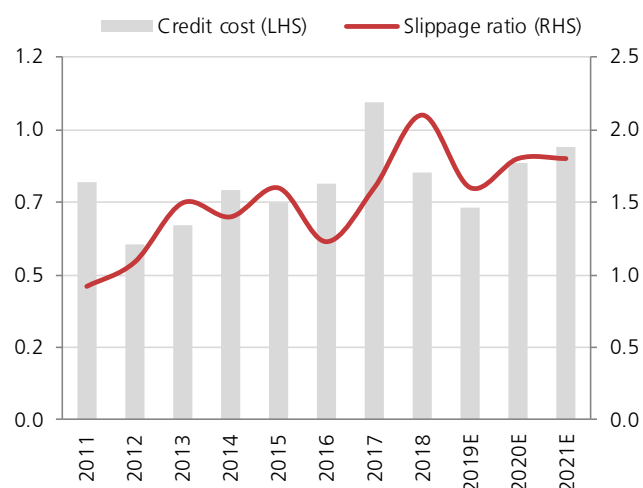
Gross and net NPL, March fiscal year-ends, 2011-21E



Source: Company, Kotak Institutional Equities

Exhibit 8: Credit cost to stabilize in medium-term

Gross, net NPL and credit cost ratio, March fiscal year-ends, 2011-21E



Source: Company, Kotak Institutional Equities

Margins shrink qoq as cost of funds starts to rise faster

Reported margins compressed by ~10 bps qoq to 3.8% driven by rise in cost of deposits by 34 bps qoq during 2QFY19 while loan yields improved by 30 bps qoq during the same period. The rise in cost of deposits was on the back of rising cost of funds and slowdown in SA growth. Corporate yields improved substantially in 2QFY19 by ~50 bps qoq to 9.7%. Retail yields also improved by ~20 bps qoq.

We expect NIM to improve primarily on the back of BHAFIN acquisition. We note that we are not factoring the full impact of BHAFIN merger at this point. The regulatory cost of BHAFIN on SLR/CRR is likely to be low considering that the balance sheet of BHAFIN has excess liquidity while the fully compliant PSL can help IndusInd Bank to lower its purchases of such loans from the market. Our key concern for a slightly more negative outlook comes from the standalone business where there is higher level of competition.

Exhibit 9: Marginal NIM (calculated) compression on the back of rising cost of deposits

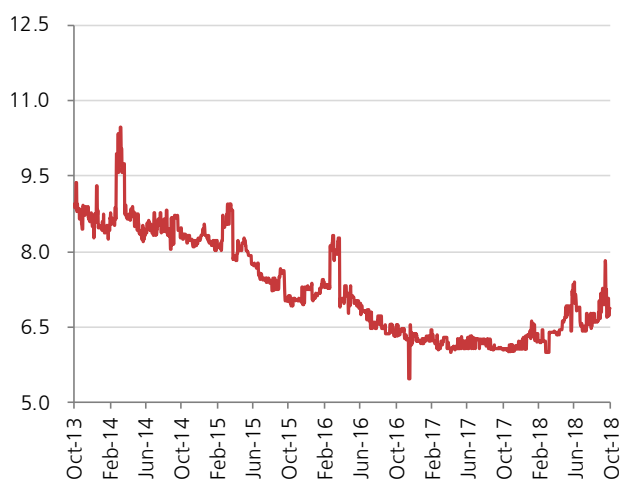
Drivers for margin expansion, March fiscal year-ends, 2011-2QFY19 (%)

	2011	2012	2013	2014	2015	2016	2017	2018	1QFY19	2QFY19
Yield management measures (%)										
Yield on advances	12.4	13.8	13.8	13.6	13.1	12.3	11.8	11.2	11.2	11.4
- Corporate and commercial	9.6	11.5	11.7	11.6	11.1	10.1	9.7	9.2	9.2	9.7
- Consumer finance	16.1	16.4	16.0	15.6	15.8	15.3	14.6	14.2	13.9	14.1
Cost of deposits	6.3	8.1	8.5	8.2	7.9	7.3	6.5	6.0	6.2	6.5
Costs of funds		7.4	7.3	6.9	6.7	6.0	5.4	5.1	5.4	5.6
NIM	3.5	3.3	3.4	3.7	3.7	3.9	4.0	4.0	3.9	3.8
Composition of loans (%)										
Retail loans to overall loans	44.4	49.2	50.5	45.0	41.3	41.3	40.3	39.5	40.0	39.0
Vehicle loans to overall loans	43.5	46.9	46.4	39.2	33.8	32.1	30.2	29.3	29.6	28.9

Source: Company, Kotak Institutional Equities

Exhibit 10: CD rates increased 75 bps in 1QFY19

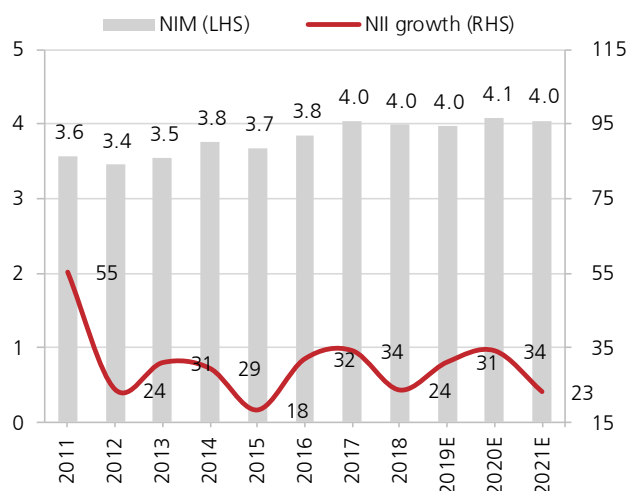
CD rates, October 2013 – October 2018 (%)



Source: Bloomberg, Kotak Institutional Equities

Exhibit 11: NIM to improve marginally by FY2021E

Net interest margin, March fiscal year-ends, 2011-21E (%)



Source: Company, Kotak Institutional Equities

Loan growth remains healthy; corporate loans gain traction

Loan growth maintained strong momentum at 32% yoy in 2QFY19, a notch higher than those observed over the past few quarters. The retail segment witnessed ~30% yoy growth in 2QFY19, which was marginally lower than non-retail loan growth at 35% yoy. The company has demonstrated strong loan growth recording 27% CAGR over the past 5 years.

Growth in retail loans was driven by both vehicle and non-vehicle portfolios with each recording similar yoy growth at ~29% yoy in 2QFY19. Vehicle loans have seen strong traction over the past four quarters witnessing 20%, 24%, 28% and 30% yoy growth, respectively. Within the vehicle finance portfolio, CV and UVs saw maximum growth at 34% and 28% yoy, respectively in 2QFY19, the pace of growth increasing gradually over the past four quarters. CEs also saw robust growth at 37% yoy. Growth in cars and 2-W was lower at 17% and 18% yoy, respectively in 2QFY19. Within the non-vehicle retail portfolio, credit cards continued to demonstrate strong growth at 48% yoy. Home loans/LAP also saw robust growth at 23% yoy. The share of home loans in the overall retail portfolio has broadly been stable at 28%.

Within the non-retail portfolio, corporate loans witnessed 37% yoy growth in 2QFY19. SME book picked up pace after 2 quarters of modest growth and grew by 28% yoy in 2QFY19

(17% yoy growth in 1QFY19). The share of SME loans to corporate advances marginally improved to 30% in 2QFY19 (up 80 bps qoq) after declining for straight 4 quarters. The share of corporate lending to better-rated companies is on the rise.

We factor loan growth at ~30% CAGR over FY2018-21E primarily led by BHAFIN acquisition. We expect retail loans to grow at ~25% CAGR. The vehicle finance portfolio would continue to dominate the loan book but the bank is aggressively diversifying into other products to reduce the cyclical nature of this business. IIB maintains a cautious stance on the LAP portfolio due to high pricing pressure on this segment.

Exhibit 12: Loan mix broadly remains similar qoq

Break-up of loans, March fiscal year-ends, 2011-2QFY19 (%)

	2011	2012	2013	2014	2015	2016	2017	2018	1QFY19	2QFY19
Retail advances	44.4	49.2	50.5	45.0	41.3	41.3	40.3	39.5	40.0	39.0
Vehicle financing	43.5	46.9	46.4	39.2	33.8	32.1	30.2	29.3	29.6	28.9
Commercial vehicles	21.8	23.6	22.5	17.4	15.4	15.9	15.4	15.6	15.6	15.4
Utility vehicles	3.2	3.5	4.0	3.7	2.9	2.3	2.1	2.0	2.0	2.0
Cars	3.2	4.0	4.6	4.8	4.6	4.4	4.1	3.7	3.7	3.6
Two and three wheelers	9.7	9.7	9.1	8.1	6.8	5.8	5.0	4.2	4.3	4.1
Equipment	5.7	6.1	6.1	5.2	4.1	3.7	3.6	3.8	4.0	3.9
Home loans	0.9	1.6	3.4	4.9	6.5	7.8	8.5	8.4	8.4	8.1
Personal loans	—	0.7	0.8	0.8	1.0	1.4	1.5	1.9	2.0	2.0
Corporate advances	55.6	50.8	49.5	55.0	58.7	58.7	59.7	60.5	60.0	61.0
Large corporate advances	26.1	27.1	26.7	27.4	29.0	28.6	27.8	30.6	29.8	30.3
SME/commercial banking	19.3	15.2	14.6	17.6	16.7	18.8	19.6	17.7	17.6	18.4
Other loans	10.1	8.5	8.1	10.1	13.0	11.3	12.3	12.3	12.6	12.2

Source: Company, Kotak Institutional Equities

Exhibit 13: Break-up of the corporate segment; power generation exposure has dropped 30 bps qoq top 3.4%
March fiscal year-ends, 2011-2QFY19 (%)

	2011	2012	2013	2014	2015	2016	2017	2018	1QFY19	2QFY19
Gems and Jewellery		1.4	1.9	1.6	2.4	6.0	6.1	5.2	4.8	4.8
Power generation	1.2	1.9	2.3	1.9	1.9	1.2	NA	4.1	3.7	3.4
Microfinance							2.5	2.8	3.7	3.7
Real Estate Developers	0.6		1.2	1.8	2.4	3.0	2.0	2.8	3.4	4.1
Services							2.3	2.2	3.1	2.5
Lease Rental	1.2	2.4	3.0	4.3	3.9	4.6	5.1	3.0	2.9	2.5
Constn related to infra.- EPC	2.8	2.5	1.9	1.5	2.4	1.6	1.7	2.8	2.5	2.9
Steel	1.1	1.3	1.4	1.4	1.4	1.7	1.8	1.6	2.5	3.6
Petroleum and products			1.1	0.9				1.2	1.9	NA
Food beverages and processing					1.6	NA	NA	1.4	1.3	1.1
Telecom					2.0	3.1	3.5	NA	1.2	NA
Roads/other infra									1.1	2.3
Power distribution							NA	NA	0.7	NA
NBFCs (other than HFCs/HFIs)	6.8	5.4	3.3	2.6	2.3	2.2	1.3	NA	3.7	4.8
Pharma	3.5	3.3	1.9	1.2	NA	0.9	NA	NA	NA	NA
Paper				0.9	NA	NA	NA	NA	NA	NA
Food credit				1.3	1.6	NA	NA	1.0	NA	NA
Plastic & Plastic Products	1.2							NA	NA	NA
Auto ancillaries								NA	NA	NA
Hospital and medical services								NA	NA	NA
Contract construction-civil							1.0	1.1	NA	1.0
Media, entertainment and adv.							1.2	NA	NA	NA
Power transmission								0.9	NA	NA
Engineering and machinery								0.8	NA	NA
Other Industry		32.8	31.4	37.1	38.7	33.1	31.2	30.9	22.5	24.4

Source: Company, Kotak Institutional Equities

Exhibit 14: Real estate exposure has dropped to 5% from ~11% in FY2017
Break-up of exposure in the real estate sector, March fiscal year-ends, 2010-18 (Rs mn)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Real estate									
Developers	1,310	4,360	1,360	5,160	16,429	33,675	42,424	25,017	48,837
Lease rental discounting	2,110	3,100	8,280	13,400	23,409	26,935	41,045	57,486	43,618
Lease rental discounting - others				7,150	10,762	11,806	10,042	8,664	7,748
Housing finance companies	3,610	3,710	1,500	1,210	400	5,083	12,831	14,908	1,901
Loans against property		940			2,532	37,409	56,917	73,386	3,741
Total real estate	7,030	12,110	11,140	26,920	53,532	114,908	163,259	179,461	105,845
Trading									
Wholesale			11,500	16,140	19,916	27,525	40,854	55,332	60,974
Retail			14,130	19,650	18,233	23,478	26,912	33,080	42,622
Total exposure to trading	—	—	25,630	35,790	38,149	51,003	67,766	88,412	103,596
Total exposure	335,810	415,320	540,530	670,310	796,426	974,887	1,232,022	1,652,866	1,993,382
Consumer finance division	82,660	116,120	169,900	220,590	241,880	240,295	281,347	342,597	501,972
Others	253,150	299,200	370,630	449,720	554,546	734,592	950,675	1,310,269	1,491,410
Real estate to total exposure (%)	2.1	2.9	2.1	4.0	6.7	11.8	13.3	10.9	5.3
Real estate to exposure ex consumer (%)	2.8	4.0	3.0	6.0	9.7	15.6	17.2	13.7	7.1
Trading to total exposure (%)			4.7	5.3	4.8	5.2	5.5	5.3	5.2
Real estate to exposure ex consumer (%)			6.9	8.0	6.9	6.9	7.1	6.7	6.9
Loans and debentures -reported in balance sheet									
Loans	207,042	263,587	353,164	446,416	555,386	691,406	893,859	1,151,070	1,480,348
Consumer finance division	83,010	116,190	172,370	224,010	247,850	284,120	365,490	455,290	572,400
Debenture and bonds	18,266	33,880	23,773	47,335	47,394	33,181	69,333	25,655	49,424
Total	225,308	297,467	376,937	493,752	602,780	724,587	963,192	1,176,725	1,529,771
Loans and debentures to total exposure (%)	67.1	71.6	69.7	73.7	75.7	74.3	78.2	71.2	76.7
Loans and debentures to exposure, ex consumer (%)	56.2	60.6	55.2	60.0	64.0	60.0	62.9	55.1	64.2

Source: Company, Kotak Institutional Equities

CASA ratio stands high at 44%; SA growth momentum slows

Deposit growth was slower-than-loan growth at 19% yoy resulting in a higher dependence on borrowings over the past few quarters. CA deposit growth was at 14% yoy (up 5%

qoq). SA growth momentum slowed in 2QFY19 (27% yoy increase compared to 51% yoy increase in 1QFY19). CASA ratio marginally improved to ~44% in 2QFY19 (up 30 bps yoy). The bank has rapidly expanded its branch network (net addition of 56 branches qoq and 216 branches yoy), which is further expected to drive growth on the liability side. We do note that the bank is starting to give a higher weightage on mobilizing retail deposits, especially with the sharp rise in wholesale deposit rates.

Exhibit 15: CA continues to drop; SA strong at 30% of deposits

Break-up of CASA across private banks, March fiscal year-ends, 2011-2QFY19 (%)

	2011	2012	2013	2014	2015	2016	2017	2018	1QFY19	2QFY19
IndusInd Bank										
Current	18.3	16.2	16.3	16.2	16.7	16.6	15.5	13.7	13.4	13.2
Savings	8.9	11.1	13.0	16.4	17.5	18.5	21.4	30.3	30.0	30.4
HDFC Bank										
Current	22.3	18.4	17.7	16.7	16.3	16.2	18.0	15.1	13.6	NA
Savings	30.4	30.0	29.8	28.1	27.7	27.1	30.1	28.4	28.1	NA
ICICI Bank										
Current	15.4	13.7	12.6	13.0	13.7	14.0	15.3	15.9	14.0	NA
Savings	29.6	29.8	29.3	29.9	31.8	31.9	35.1	35.8	36.5	NA
Axis Bank										
Current	19.5	18.1	19.1	17.3	17.4	17.8	21.0	21.1	15.3	NA
Savings	21.6	23.5	25.2	27.7	27.4	29.6	30.4	32.7	31.6	NA
Yes Bank										
Current	8.6	9.9	10.0	9.5	9.3	9.8	13.4	14.4	13.3	NA
Savings	1.8	5.1	9.0	12.6	13.8	18.3	22.9	22.1	21.8	NA

Source: Company, Kotak Institutional Equities

Exhibit 16: Fee income remains strong

Comparison of non-interest income (ex-treasury) to income and proportion of assets, March fiscal year-ends, 2QFY16-2QFY19 (%)

	2QFY16	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19
Non-interest income (ex-treasury) to income													
Axis Bank	30.7	30.8	35.9	25.2	28.4	24.2	33.4	28.6	31.0	32.7	34.2	34.9	NA
ICICI Bank	33.7	28.7	27.8	31.0	18.8	32.7	28.0	28.2	27.5	35.0	25.6	31.0	NA
HDFC Bank	25.9	25.6	26.7	23.9	24.0	24.0	26.1	24.7	24.3	25.5	28.6	28.0	NA
IndusInd Bank	35.9	36.1	35.5	33.6	34.0	34.1	34.6	33.1	33.7	34.9	34.6	34.0	34.5
Yes Bank	32.9	36.6	36.8	40.2	31.6	35.1	40.5	34.4	33.5	39.9	37.1	38.9	NA
Non-interest income (ex-treasury) to assets													
Axis Bank	1.6	1.7	2.0	1.4	1.5	1.3	1.8	1.4	1.4	1.5	1.5	1.6	NA
ICICI Bank	1.7	1.6	1.6	1.5	1.5	1.6	1.3	1.3	1.5	1.5	1.4	1.4	NA
HDFC Bank	1.5	1.5	1.6	1.4	1.4	1.4	1.5	1.4	1.4	1.5	1.7	1.5	NA
IndusInd Bank	2.3	2.4	2.4	2.3	2.3	2.3	2.4	2.2	2.2	2.3	2.1	2.2	2.1
Yes Bank	1.6	1.9	1.9	2.1	1.6	1.8	2.3	1.9	1.8	2.1	1.8	1.9	NA

Source: Company, Kotak Institutional Equities

Exhibit 17: Bancassurance fees continues to rise

Comparison of bancassurance and total fees across players, March fiscal year-ends, 2010-18 (%)

	Bancassurance fee (Rs mn)										Bancassurance fee (% of fee income)									
	2010	2011	2012	2012 R	2013	2014	2015	2016	2017	2018	2010	2011	2012	2012 R	2013	2014	2015	2016	2017	2018
IndusInd Bank	1,001	1,611	1,878	799	1,073	1,120	1,657	1,479	2,119	3,450	30.0	31.4	26.3	11.2	11.1	9.2	9.7	6.4	7.1	10.0
Non life	449	669	563	250	273	310	397	481	589	961										
HDFC Bank	5,660	7,133	5,631	5,631	5,947	4,543	5,911	8,179	9,559	13,958	19.8	20.6	11.9	11.9	10.5	7.1	8.0	9.5	9.8	11.1
ICICI Bank	2,956	1,885	3,004	3,004	5,257	6,697	9,431	10,197	13,214	NA	5.8	3.4	5.4	5.4	9.3	10.5	13.4	13.2	16.3	NA
Axis Bank	1,251	2,294	3,723	3,723	5,106	6,620	8,623	8,894	9,972	10,728	4.5	6.2	8.0	8.0	9.6	11.9	13.6	12.8	13.7	13.5
Yes Bank	112	128	148	148	200	238	358	565	1,004	768	2.6	2.1	1.9	1.9	1.9	1.8	1.8	2.3	3.1	1.7

Source: Company, Kotak Institutional Equities

Exhibit 18: Income from distribution of MFs saw a sharp spike in 2018

Granular break-up of distribution income, March fiscal year-ends, 2010-18 (%)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Distribution fee income	1,149	1,611	1,367	2,704	2,814	3,846	4,906	7,147	9,760
Life insurance	553	714	284	432	418	472	402	706	936
Non life insurance	449	669	250	273	310	397	481	589	961
Mutual fund	140	227	265	368	393	788	597	825	1,553
Total bancassurance	1,141	1,611	799	1,073	1,120	1,657	1,479	2,119	3,450
Growth (%)		41.1	(50.4)	34.4	4.4	47.9	(10.7)	43.3	62.8
Cards and others	8	1	569	1,630	1,694	2,189	3,426	5,028	6,310
Growth (%)				186.7	3.9	29.2	56.5	46.7	25.5
Credit card outstanding (#)			201,056	213,908	254,597	307,069	388,466	506,627	690,435
Growth (%)				6.4	19.0	20.6	26.5	30.4	36.3

Source: Company, Kotak Institutional Equities

Exhibit 19: Cost per branch has shown improvement over the years

Break-up of operating expenses, March fiscal year-ends, 2010-18 (%)

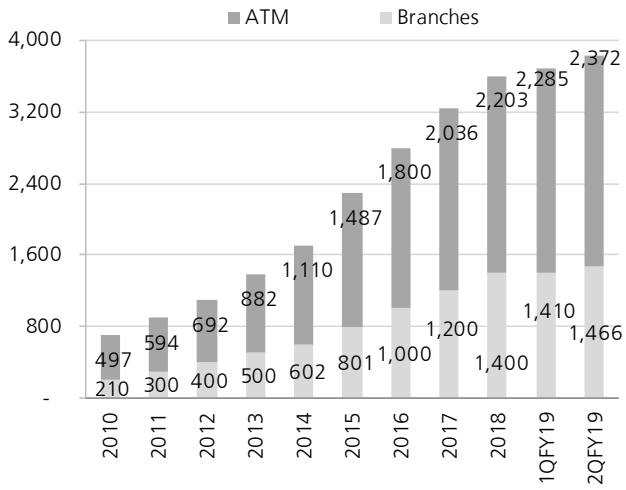
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating expenses (Rs mn)	7,360	10,085	13,430	17,564	21,851	28,701	36,721	47,831	55,914
Growth (%)	34.5	37.0	33.2	30.8	24.4	31.3	27.9	30.3	16.9
Employee expenses (Rs mn)	2,906	3,826	4,855	6,615	8,093	9,805	12,361	15,210	17,807
Growth (%)	55.3	31.7	26.9	36.3	22.3	21.2	26.1	23.1	17.1
Total employees (#)	5,383	7,008	9,370	11,502	15,590	19,121	23,060	25,314	25,517
Growth (%)	26.6	30.2	33.7	22.8	35.5	22.6	20.6	9.8	0.8
Cost per employee (Rs)	603,192	617,625	592,831	633,827	597,438	564,938	586,088	628,859	700,630
Growth (%)	22.6	1.2	(5.1)	11.0	(9.7)	(1.2)	4.5	12.1	16.1
Rent, rates and lighting (Rs mn)	688	893	1,096	1,664	1,878	2,346	2,713	3,266	3,730
Growth (%)	38.7	29.8	22.7	51.8	12.9	24.9	15.6	20.4	14.2
Branches (#)	210	300	400	500	602	801	1,000	1,200	1,400
Growth (%)	16.7	42.9	33.3	25.0	20.4	33.1	24.8	20.0	16.7
Cost/branch (Rs mn)	3.5	3.5	3.1	3.7	3.4	3.3	3.0	3.0	2.9
Growth (%)	28.0	(0.8)	(10.6)	18.1	(7.8)	(1.9)	(9.9)	(1.5)	(3.3)
Other costs	3,766	5,365	7,479	9,285	11,880	16,549	21,647	29,355	34,377
Growth (%)	21.4	42.5	39.4	24.1	27.9	39.3	30.8	35.6	17.1
Service provider fees	613	804	1,147	1,589	1,832	2,242	3,344	3,813	4,182
Growth (%)	6.8	31.1	42.6	38.5	15.3	22.4	49.2	14.0	9.7
(% of other costs)	16.3	15.0	15.3	17.1	15.4	13.5	15.4	13.0	12.2

Source: Company, Kotak Institutional Equities

Other updates

- ▶ Fee income growth was strong at ~22% yoy led by strong general banking fees (up 40% yoy), foreign exchange fees (up 22% yoy) and trade fees and third-party fees growing by 18% yoy. Growth in investment banking fees was modest at 15% yoy whereas treasury gains dropped by 42% yoy owing to high mark-to-market losses.
- ▶ CAR stood comfortable at 14.3% with tier-1 ratio of 13.9%. RWA growth at 24% yoy was lower than 32% yoy loan growth in 2QFY19.

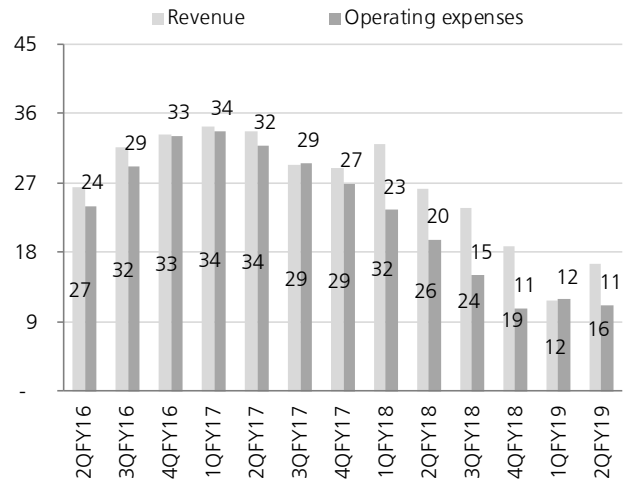
Exhibit 20: Addition of 56 branches in 2QFY19
 Branches and ATM, March fiscal year-ends, 2010-2QFY19 (#)



Source: Company, Kotak Institutional Equities

Exhibit 21: Revenue growth outpaced growth in operating expenses

Operating expenses and revenue growth, March fiscal year-ends, 2QFY16-2QFY19 (%)



Source: Company, Kotak Institutional Equities

Exhibit 22: IndusInd Bank—key parameters and balance sheet
March fiscal year-ends, 2QFY18-2QFY19

	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19
Yield management measures (%)					
Yield on advances	11.3	11.0	11.1	11.2	11.4
- Corporate and commercial banking	9.1	9.0	9.1	9.2	9.7
- Consumer finance division	14.4	14.0	13.9	13.9	14.1
Cost of deposits	5.9	5.9	6.0	6.2	6.5
NIM	4.0	4.0	4.0	3.9	3.8
Asset quality details					
Gross NPL(Rs mn)	13,453	14,987	17,049	17,406	17,814
Net NPLs (Rs mn)	5,369	5,922	7,457	7,624	7,876
Gross NPL (%)	1.1	1.2	1.2	1.2	1.1
Net NPL (%)	0.4	0.5	0.5	0.5	0.5
Provision coverage (%)	60.1	60.5	56.3	56.2	55.8
Capital adequacy ratios (%)					
CAR	15.6	15.8	15.0	14.7	14.3
Tier I	15.1	15.3	14.6	14.3	13.9
Tier II	0.5	0.5	0.4	0.4	0.4
Other key details					
Branches (#)	1,250	1,320	1,400	1,410	1,466
ATMs (#)	2,146	2,162	2,203	2,285	2,372
Balance sheet snapshot (Rs mn)					
Capital and liabilities					
Capital	6,147	6,000	6,148	6,000	6,125
Reserves and surplus	213,569	223,400	232,269	243,210	247,520
Deposits	1,414,406	1,460,860	1,516,392	1,588,620	1,682,193
Borrowings	235,577	233,670	382,891	370,400	428,281
Other liabilities and provisions	80,619	83,090	78,563	80,560	119,080
Total	1,950,317	2,007,020	2,216,262	2,288,790	2,483,199
Assets					
Cash and bank balance	63,575	68,270	109,624	86,580	87,653
Balance with bank and money at call	119,513	67,610	22,535	33,320	95,672
Investments	421,459	461,710	500,767	526,730	500,885
Advances	1,231,808	1,285,420	1,449,537	1,506,750	1,631,443
Fixed Assets	13,482	13,330	13,388	13,490	13,634
Other assets	100,480	110,690	120,412	121,920	153,912
Total	1,950,317	2,007,030	2,216,262	2,288,790	2,483,199

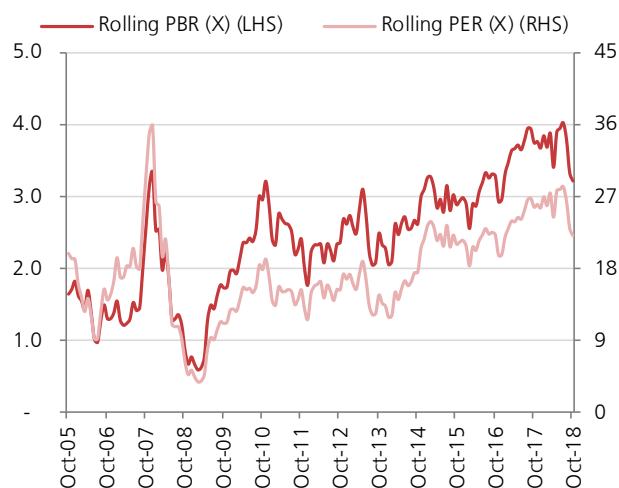
Source: Company, Kotak Institutional Equities

Exhibit 23: IndusInd Bank—change in estimates
March fiscal year-ends, 2019-21E (₹ mn)

	New estimates			Old estimates			% change		
	2019E	2020E	2021E	2019E	2020E	2020E	2019E	2020E	2021E
Net loan growth (%)	41.9	25.5	24.1	37.2	25.1	24.1	474 bps	39 bps	0 bps
Loans (Rs bn)	2,057	2,582	3,203	1,989	2,488	3,086	3.5	3.8	3.8
Total income	156,350	196,720	239,338	162,255	202,390	245,940	(3.6)	(2.8)	(2.7)
Net interest income	98,345	131,993	162,658	101,386	134,289	165,272	(3.0)	(1.7)	(1.6)
NIM (%)	4.0	4.1	4.0	4.1	4.1	4.1	-12 bps	-7 bps	-6 bps
Other income	58,005	64,727	76,680	60,868	68,100	80,668	(4.7)	(5.0)	(4.9)
Expenses	70,479	89,520	110,754	73,540	91,939	113,937	(4.2)	(2.6)	(2.8)
Employee cost	21,362	25,830	29,064	22,611	25,854	29,118	(5.5)	(0.1)	(0.2)
Other cost	49,117	63,691	81,689	50,928	66,085	84,819	(3.6)	(3.6)	(3.7)
Loan loss provisions	12,274	19,716	26,030	13,753	19,025	25,083	(10.8)	3.6	3.8
PBT	69,996	86,984	102,055	73,162	90,926	106,419	(4.3)	(4.3)	(4.1)
PAT	47,248	58,714	68,887	49,384	61,375	71,833	(4.3)	(4.3)	(4.1)
% growth yoy	31.0	24.3	17.3	37.0	24.3	17.0			
PBT-treasury+provisions	81,371	102,700	124,084	84,215	105,951	127,502	(3.4)	(3.1)	(2.7)

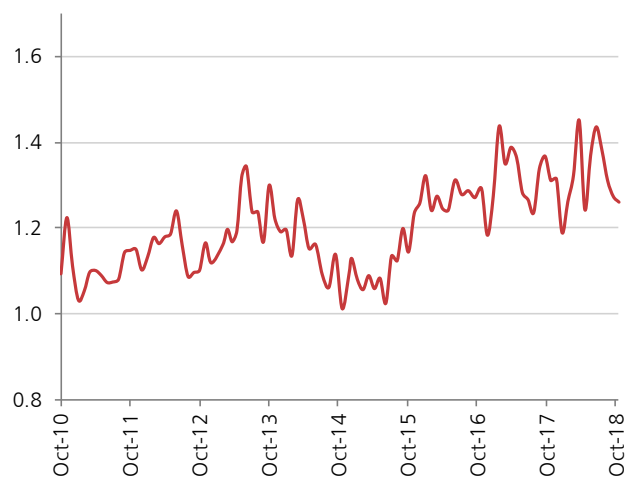
Source: Company, Kotak Institutional Equities estimates

Exhibit 24: IIB is trading at 3.9X one-year forward book
March fiscal year-ends, October 2011 – October 2018 (X)



Source: Company, Bloomberg, Kotak Institutional Equities estimates

Exhibit 25: IndusInd Bank's trading premium to peers
IndusInd Bank premium to peers, October 2010 – October 2018 (X)



Source: Company, Bloomberg, Kotak Institutional Equities estimates

Exhibit 26: IndusInd Bank—key growth rates and financial ratios
March fiscal year-ends, 2016-21E (%)

	2016	2017	2018	2019E	2020E	2021E
Growth rates (%)						
Net loan	28.5	27.9	28.2	41.9	25.5	24.1
Customer assets	28.1	28.1	29.3	40.4	24.8	23.6
Investments excl. CPs and debentures	41.1	24.9	28.6	40.0	25.5	25.6
Net fixed and leased assets	8.4	6.4	0.3	5.4	1.4	6.7
Cash and bank balance	(6.2)	84.2	(29.1)	26.7	27.9	24.5
Total assets	27.8	25.0	24.1	37.0	24.1	23.3
Deposits	25.4	36.1	19.8	44.5	32.2	27.4
Current	25.3	26.7	6.3	42.4	36.1	31.0
Savings	33.2	56.8	69.7	43.5	34.4	29.5
Fixed	23.4	32.6	6.2	45.5	30.1	25.3
Net interest income	32.1	34.2	23.7	31.2	34.2	23.2
Loan loss provisions	38.7	72.6	(0.5)	16.4	60.6	32.0
Total other income	29.4	26.5	13.9	22.1	11.6	18.5
Net fee income	31.8	29.7	17.8	20.0	18.0	18.0
Net exchange gains	16.2	9.9	0.2	16.0	16.0	16.0
Operating expenses	27.9	30.3	16.9	26.0	27.0	23.7
Employee expenses	26.1	23.1	17.1	20.0	20.9	12.5
Key ratios (%)						
Yield on average earning assets	9.9	9.6	9.2	9.5	9.6	9.6
Yield on average loans	11.8	11.4	10.6	10.9	11.0	11.0
Yield on average investments	6.3	7.0	7.1	7.0	7.0	7.0
Average cost of funds	6.6	6.2	5.8	6.0	6.0	6.0
Interest on deposits	6.8	6.3	5.8	6.2	6.2	6.2
Difference	3.3	3.4	3.4	3.4	3.6	3.6
Net interest income/earning assets	3.8	4.0	4.0	4.0	4.1	4.0
New provisions/average net loans	0.8	1.1	0.8	0.7	0.9	0.9
Total provisions/gross loans	1.1	1.8	2.1	2.1	2.4	2.7
Fee income to total income	28.6	28.3	27.9	26.2	24.6	23.8
Net trading income to PBT	3.3	5.6	4.4	3.9	5.2	4.4
Exchange income to PBT	24.1	21.1	16.8	15.3	14.2	14.1
Operating expenses/total income	47.0	46.7	45.7	45.1	45.5	46.3
Operating expenses/assets	2.9	3.0	2.8	2.7	2.6	2.6
Tax rate	34.1	34.2	34.2	32.5	32.5	32.5
Dividend payout ratio	12.8	12.5	11.7	11.7	11.7	11.7
Share of deposits (%)						
Current	16.6	15.5	15.5	15.9	16.3	16.7
Fixed	64.8	63.1	59.4	58.5	57.6	56.7
Savings	18.5	21.4	25.1	25.6	26.1	26.6
Loans-to-deposit ratio	95.1	89.3	95.6	93.9	89.1	86.8
Equity/assets (EoY)	12.4	11.6	10.8	11.3	10.4	9.7
Asset quality trends (%)						
Gross NPL	0.9	0.9	1.2	1.1	1.4	1.5
Net NPL	0.4	0.4	0.5	0.5	0.6	0.6
Slippages	1.2	1.6	2.1	1.6	1.8	1.8
Provision coverage	58.6	58.4	56.3	57.9	58.3	59.5
Dupont analysis (%)						
Net interest income	3.5	3.8	3.7	3.7	3.9	3.9
Loan loss provisions	0.5	0.7	0.5	0.5	0.6	0.6
Net other income	2.6	2.6	2.4	2.2	1.9	1.8
Operating expenses	2.9	3.0	2.8	2.8	2.6	2.6
Inv. depreciation	—	—	—	—	—	—
(1- tax rate)	65.9	65.8	65.8	67.5	67.5	67.5
RoA	1.8	1.8	1.8	1.8	1.7	1.6
Average assets/average equity	9.5	8.8	9.5	9.3	9.3	10.0
RoE	17.1	15.7	17.1	16.7	16.1	16.4

Source: Company, Kotak Institutional Equities estimates

Exhibit 27: IndusInd Bank—income statement and balance sheet
March fiscal year-ends, 2016-21E (₹ mn)

	2016	2017	2018	2019E	2020E	2021E
Income statement						
Total interest income	115,807	144,057	172,807	234,997	310,944	386,065
Loans	92,446	114,791	136,999	190,281	254,378	316,839
Investments	17,806	24,669	30,744	40,102	50,689	61,824
Cash and deposits	5,555	4,597	5,065	4,615	5,876	7,401
Total interest expense	70,641	83,431	97,833	136,653	178,950	223,407
Deposits from customers	57,088	69,313	80,460	115,713	158,394	203,655
Net interest income	45,166	60,626	74,974	98,345	131,993	162,658
Loan loss provisions	6,141	10,600	10,546	12,274	19,716	26,030
Net interest income (after prov.)	39,025	50,026	64,429	86,070	112,277	136,628
Other income	32,969	41,715	47,501	58,005	64,727	76,680
Net fee income	22,315	28,953	34,119	40,943	48,313	57,009
Net capital gains	1,453	2,769	3,638	4,500	4,500	4,500
Net exchange gains	8,370	9,195	9,210	10,684	12,393	14,376
Operating expenses	36,721	47,831	55,914	70,479	89,520	110,754
Employee expenses	12,361	15,210	17,807	21,362	25,830	29,064
Depreciation on investments	295	314	1,209	1,800	—	—
Other provisions	286	—	—	1,800	500	500
Pretax income	34,693	43,597	54,807	69,996	86,984	102,055
Tax provisions	11,828	14,918	18,747	22,749	28,270	33,168
Net profit	22,864	28,679	36,060	47,248	58,714	68,887
Growth (%)	27.5	25.4	25.7	31.0	24.3	17.3
PBT - Treasury + Provisions	39,962	51,741	62,923	81,371	102,700	124,084
Growth (%)	34.1	29.5	21.6	29.3	26.2	20.8
Balance sheet						
Cash and bank balance	101,119	186,283	132,159	167,414	214,051	266,391
Cash	7,395	11,355	10,692	11,227	11,788	12,377
Balance with RBI	37,815	66,132	98,932	142,940	189,015	240,765
Balance with banks	55,908	26,578	9,287	13,248	13,248	13,248
Net value of investments	340,555	367,036	500,767	658,998	800,209	979,554
Government and other securities	252,680	314,523	403,660	566,367	711,607	894,577
Shares	413	1,612	2,919	2,919	2,919	2,919
Debentures and bonds	18,129	25,246	44,764	40,288	36,259	32,633
Net loans and advances	884,193	1,130,805	1,449,537	2,057,399	2,581,662	3,202,706
Fixed assets	12,553	13,352	13,388	14,112	14,307	15,260
Net owned assets	12,553	13,352	13,388	14,112	14,307	15,260
Other assets	90,561	89,023	120,412	138,473	159,244	183,131
Total assets	1,428,982	1,786,499	2,216,262	3,036,396	3,769,472	4,647,041
Deposits	930,003	1,265,722	1,516,392	2,190,926	2,897,150	3,690,357
Borrowings and bills payable	255,159	230,540	389,567	431,048	407,396	432,501
Other liabilities	66,848	83,760	71,886	71,886	71,886	71,886
Total liabilities	1,252,010	1,580,023	1,977,845	2,693,860	3,376,431	4,194,745
Paid-up capital	5,950	5,981	6,002	7,096	7,096	7,096
Reserves and surplus	171,022	200,495	232,268	335,440	385,945	445,200
Total shareholders' equity	176,972	206,476	238,271	342,536	393,041	452,296

Source: Company, Kotak Institutional Equities estimates

- ▶ **Who benefits?** (1) Drop in coffee prices should benefit TGBL, HUL and Nestle; HUL and TGBL to also benefit from lower tea prices. (2) Lower copra prices should benefit Marico and Dabur. (3) Lower caustic soda prices to benefit HUL, GCPL and Jyothy Labs. (4) HUL, Britannia, Dabur and Nestle should also benefit from lower sugar prices.
- ▶ **Who gets impacted?** (1) Increase in wheat prices could hurt ITC, Britannia and Nestle. (2) Higher maize prices could negatively impact Colgate, HUL and Dabur. (3) Higher prices for groundnut oil, mentha oil, and castor oil could hurt companies like Marico, Dabur and Emami.

Sector (KIE consumer universe) performs in line with broader markets

Our overall consumer coverage performed in line with the broader markets over the past month posting 8% return decline (8%, ex-ITC as well).

Key stocks that outperformed were – TGBL (up 3%), JYL (up 1%), CLGT (down 1%), APNT (down 2%), TTAN (down 3%), HUVR (down 4%) and BRIT (down 4%). Key underperformers were Coffee Day (down 20%), GCPL (down 17%), and PAG (down 14%).

On a 12-month basis, the sector outperformed the broader markets posting 17% absolute return (21% ex-ITC) versus 8% return for the broader markets. We retain our 'tread selectively' stance and believe that it is too early to search for value following the recent correction; preferred picks – ITC, NEST, BRIT, JUBI, MRCO and CLGT.

New launches/re-launches

- ▶ **United Breweries forays into non-alcoholic beverages.** United Breweries has announced its foray into the non-alcoholic beverage segment with the launch of Kingfisher Radler in Ahmedabad, Gujarat. The product brings a new outlook to the soft drink category, a 100% natural drink that contains 30% less sugar than carbonated soft drinks. The product will be available in three flavors – lemon, ginger-lime and mint-lime. It will be offered in two formats – a 300 ml can and a 300 ml glass bottle. The 300 ml cans will be priced at Rs45.
- ▶ **Mondelez India launches Cadbury Dairy Milk Crispello.** Mondelez India has announced the launch of Cadbury Dairy Milk Crispello, an innovative product in the crispy-eat segment and finger-bar format. The product is covered with a layer of delicious dairy milk, crunchy wheat crispies and smooth chocolate cream. The product is priced at Rs30.
- ▶ **Zenith Drinks launches Auric, an anti-ageing beverage.** Auric, Zenith Drinks' recently-launched product, is positioned as the world's first complete anti-ageing beverage. It has been launched in three blends – Mind Rejuvenation, Body Defence and Skin Radiance. Auric not just helps in restoring balance of free radicals and anti-oxidants, but also enhances anti-inflammation capability of mind, body and skin. It is 100% natural with no chemicals or preservatives.
- ▶ **Sattviko introduces Minute Namkeen, two-in-one namkeen.** Sattviko has launched a two-in-one namkeen, Minute Namkeen, in two flavours, viz. Chilli Lemon and Zesty Tasty. It can be consumed in two different ways. The first is the regular basic way (open the pack and start munching). The second one is by adding some hot water to make it a complete meal and enjoy the taste of Indian flavours with a modern touch. They are available in pouches or cups.
- ▶ **Nestlé launches Maggi Dip & Spread.** Nestlé India has forayed into the gourmet dip and spread segment with the launch of a low-fat yoghurt dip and spread. It contains almost 80% yoghurt with less than 3% fat and is available in two flavors – Cheese Garlic and Jalapeno Salsa. It is priced at Rs150 for 150 gms and the product will initially be available in the leading supermarkets of Delhi NCR.
- ▶ **Starbucks unveils Pumpkin Spice Latte in India outlets.** Starbucks Pumpkin Spice Latte, a popular beverage globally, is now available in all Starbucks stores across India. The limited-edition beverage infuses Starbucks signature espresso and milk, highlighted by flavor notes of pumpkin, cinnamon, nutmeg and clove. It is topped with whipped cream and real pumpkin pie spices. It is available in hot, iced and blended versions for a limited-time period only.
- ▶ **PepsiCo unveils Kurkure Twistkeens.** PepsiCo India has launched a new format of namkeens which offers Bikaneri bhujia, Andhra Pradesh's muruku and Shahi namkeens with a modern twist in a convenient finger snack format. These salty snacks comprise ingredients like kaala chana, rice, premium dry fruits and seeds. The three variants – Bikaneri, Andhra, and Shahi – will be available at price points of Rs15 and Rs55 in 18 cities across India through leading modern trade, e-commerce and select traditional trade channels.
- ▶ **GCPL has launched eight new products in men's grooming category** through its brand Cinthol. The company hopes that brands under its men's grooming category will be able to touch the Rs1 bn revenue mark in a couple of years.
- ▶ **Mondelez India has forayed into the growing adult health MFD (malt food drinks) segment** with its new premium innovation – Bournvita for Women. The product claims that consumption of 2 cups of BV Women fulfills the RDA of Calcium & Vitamin D for bone strength and of Iron & Folic acid to reduce fatigue for women, and it has no added sugar.

Other newsflow

- ▶ **One in every five products sold at Big Bazaar is owned by Future Consumer**, as per Mir Kishore Bayani. Big Bazaar stores account for about 20% of India's modern trade sales for FMCG. And Future Consumer tops this segment, accounting for 20.3% of packaged FMCG products that Big Bazaar stores sold in the quarter ended June 2018, company officials said. It was followed by P&G with 14% share and Hindustan Unilever with 12.5%.
- ▶ **Zyduz Cadila Group has made an aggressive Rs45 bn offer for the Kraft Heinz Company's consumer brand business in India**, as per media reports. This bid is likely to be higher than the one made by Coco-Cola Company. The deal is likely to close within a month. It is also believed that once selected, Cadila may rope in a private equity partner for financing support. It had sent feelers to PE groups True North, Temasek, Warburg Pincus and Carlyle to partner them and may place its equity in a back-to-back deal.
- ▶ **By 2025, Patanjali will be the biggest FMCG brand in the world, according to Baba Ramdev**. He wishes to spend Rs1 tn on charity work in the country related to health, education, research and development, agriculture and environment. Patanjali Ayurved is now focusing on the agriculture and food processing sector as it looks to bring out several products from the segment in the coming future. Patanjali Ayurved last month entered into the cow milk segment by launching cow milk and milk-based dairy products and also has plans to launch its apparel brand 'Paridhan'.
- ▶ **India-focused PE firm True North has acquired controlling stake in Ayurveda-based hair oil maker Sesa Oil for Rs12.5 bn**. The PE firm will own 74% stake in a new entity called Sesa Care that was carved out from a parent company that also owns detergent brands. Sesa Oil's founder will own the remaining stake in the newly created entity.
- ▶ **Paytm Mall is working with 100 FMCG brands** including Marico and Hindustan Unilever, among others to drive sales through its online-to-offline (O2O) model. The company claims to have registered close to 2X growth in FMCG items delivered in the first quarter of this year, with 70% orders fulfilled within 48 hours.
- ▶ **Future Group is ramping up its food and grocery supply chain**, as this segment is set to be a battleground for global retailers. The country's largest retailer plans to invest Rs5-8 bn in the next four years to create a nationwide food supply chain network of refrigerated trucks and temperature controlled distribution centers to eventually manage the entire supply through this network.
- ▶ **The Directorate General of Anti-profiteering has charged HUL with profiteering from a cut in GST** by not passing on the benefits to consumers. The report put HUL's undue profits at more than Rs3.3 bn, more than double of the Rs1.6 bn that the company had deposited with the Consumer Welfare Fund of the government, earlier.

Exhibit 1: A snapshot of new launches and key new promotional campaigns



Source: Company, Kotak Institutional Equities

Exhibit 2: KIE Consumer Pricing monitor

Category/Brand/SKU	Company	MRP (Rs)	Normalised price in Rs (adjusted for grammage changes)															Change (%)						
		Aug-18	Norm Wt	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	1M	3M	6M	1Y				
Soaps																								
Dove Moisturising Cream 3*100gm	HUVR	172	100g	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	—	—	—	—
Dove Moisturising Cream 75gm	HUVR	49	100g	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	—	—	—	—
Hamam 150gm	HUVR	44	100g	31	31	31	31	31	31	31	31	30	30	30	29	29	29	29	29	29	—	(2)	(5)	(5)
Lifebuoy Total 125gm	HUVR	29	100g	22	22	22	22	22	22	22	22	22	22	22	22	22	22	23	23	23	4	4	7	7
Lifebuoy Total 3*90gm	HUVR	65	100g	22	22	22	22	22	22	22	24	24	24	24	24	24	24	24	24	24	—	—	—	11
Lux Creamy White 125gm	HUVR	50	100g	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	—	—	—	—
Pears Pure Gentle 3*125gm	HUVR	164	100g	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	—	—	—	—
Vivel Satin Soft 100gm	ITC	27	100g	25	25	25	25	25	25	25	25	27	27	27	27	27	27	27	27	27	—	—	8	8
Vivel Satin Soft 3*100gm	ITC	73	100g	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	—	—	1	1
Fiamsa Di Wills Soap Mild Dew 125gm	ITC	62	100g	50	50	50	50	48	48	50	50	50	50	50	50	50	50	50	50	50	—	—	—	—
Fiamsa Di Wills Mild Dew (3+1)*115gm	ITC	180	100g	40	40	40	40	39	39	40	40	40	39	39	39	39	39	39	39	39	—	—	(3)	(3)
Cinthol Original 4*100gm	GCPL	135	100g	34	34	34	34	34	34	34	34	33	33	34	34	34	34	34	34	34	—	—	—	—
Cinthol Soap Lime Fresh 4*75gm	GCPL	76	100g	24	24	24	24	24	24	24	25	25	25	25	25	25	25	25	25	25	—	—	—	6
Godrej No 1 Lime & Aloe Vera (3+1)*100gm	GCPL	72	100g	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	—	—	—	1
Godrej No 1 Saffron & Milk Cream (3+1)*150gm	GCPL	102	100g	18	18	18	18	18	18	18	18	18	18	18	16	16	16	16	17	17	4	4	(6)	(6)
Ayush Purifying Turmeric Soap - 100 g	HUVR	30	100g												30	30	30	30	30	30	—	—	—	—
Dettol soap Original 125 g	Reckitt B.	53	100g												41	41	41	42	42	42	4	4	—	—
Santoor soap Sandal & Turmeric 4*100 g	Wipro Cons	108	100g												26	26	26	27	27	27	4	4	—	—
Patanjali soap Neem Kanti 75 g	Patanjali	15	100g												20	20	20	20	20	20	—	—	—	—
Margo soap Original neem 2*100 gm	Jyothy Labs	56	100g												24	24	28	28	28	28	0	17	—	—
Shower Gels/Facewash/Handwash/Bodywash																								
Facewashes																								
Pears Pure & Gentle 60gm	HUVR	125	100g	200	200	200	200	200	200	200	192	192	192	192	208	208	200	208	208	208	4	—	9	4
Lakme Blush and Glow Strawberry gel 50ml	HUVR	99	100ml	198	198	198	198	198	198	198	198	198	198	198	198	198	198	198	198	198	—	—	—	—
Lakme Face Clnsr Deep Pore Cleanser 120ml	HUVR	230	100ml	158	158	158	158	158	158	158	158	158	158	158	192	192	192	192	192	192	—	—	21	21
Dove Beauty Moisture 50gm	HUVR	135	100g	210	210	210	210	210	210	210	240	240	240	240	250	250	270	270	270	270	0	8	13	29
Ponds Face Wash Daily 100G	HUVR	140	100g	119	119	119	119	119	119	119	119	119	119	119	140	140	140	140	140	140	—	—	17	17
Fair & Lovely Fairness 50gm	HUVR	55	100g	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	—	—	—	—
Olay Cleanser Total Effects Anti Ageing 100gm	P&G	269	100g	260	260	260	260	260	260	260	269	269	269	269	269	269	269	269	269	269	—	—	—	3
Himalaya Face Wash - Purifying Neem 100 ml	Himalaya	117	100ml												117	117	117	117	117	117	—	—	—	—
Clean & Clear Natural Bright 100ml	J&J	117	100ml												110	110	117	117	117	117	0	6	—	—
Garnier - Power White, Double Action 100ml	L'Oreal	180	100ml												180	180	180	180	180	180	—	—	—	—
Handwash																								
Lifebuoy Total 10 Pump 190ml	HUVR	82	100ml	38	38	38	38	38	38	38	36	36	36	36	43	43	43	43	43	43	—	19	19	13
Dettol - Germ Protection, Original Pump 200ml	Reckitt B.	95	100ml												44	44	44	48	48	48	9	9	—	—
Godrej Protekt Masterblaster Pump 300ml	GCPL	89	100ml												30	30	30	30	30	30	—	—	—	—
Savlon Double Strength Pump 220ml	ITC	80	100ml												34	36	36	36	36	36	—	8	—	—
Lifebuoy Total 10 Refill 750ml	HUVR	175	100ml												23	23	23	23	23	23	0	1	—	—
Dettol - Germ Protection, Original Refill 750ml	Reckitt B.	109	100ml												13	13	15	15	15	15	0	10	—	—
Godrej Protekt Masterblaster Refill 750ml	GCPL	99	100ml												15	13	13	13	13	13	—	(14)	—	—
Savlon Double Strength Pump Refill 750ml	ITC	169	100ml												23	23	23	23	23	23	—	—	—	—
Bodywash/ Shower Gels																								
Palmolive Absolute Relaxing 250ml	Colgate P.	180	100ml	68	76	76	76	76	76	76	76	76	76	72	72	60	72	72	72	72	20	—	(5)	6
Fiamsa Di Wills Lemongrass & Jojoba (Clr Sprng) 250ml	ITC	199	100ml	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	—	—	(0)	(0)
Lux Velvet Touch Moisturising 235ml	HUVR	99	100ml	60	60	60	60	41	41	41	41	41	41	42	42	42	42	42	42	42	—	—	2	(30)
Pears Pure & Gentle 250M	HUVR	180	100ml	74	74	74	74	74	74	74	74	74	74	72	72	72	72	72	72	72	—	—	(3)	(3)
Cinthol Play Refreshing 200ml	GCPL	150	100ml	60	60	60	60	60	60	60	60	60	60	75	75	75	75	75	75	75	—	—	25	25
Dove Deeply Nourishing 190ml	HUVR	140	100ml												52	52	52	74	74	74	41	41	—	—
Nivea - Lemon & Oil 250ml	Nivea	199	100ml												80	80	80	80	80	80	—	—	—	—
Detergents																								
Detergent Bars																								
Wheel Active 120gm	HUVR	5	100g	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	—	—	—	8
Rin Advance 75gm	HUVR	5	100g	6	6	6	6	6	6	6	6	7	7	7	7	7	7	7	7	7	—	—	—	7
Rin Advance 145gm	HUVR	10	100g	6	6	6	6	6	6	6	6	7	7	7	7	7	7	7	7	7	—	—	3	14
Rin Advance 250gm	HUVR	16	100g	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	—	—	2	2
Surf Excel Bar 100gm	HUVR	10	100g	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	—	—	—	5
Surf Excel 250gm	HUVR	27	100g	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	11	4	4	8	8
Surf Excel Det Bar 400gm	HUVR	50	100g	12	12	12	12	12	12	12	12	13	13	13	13	13	13	13	13	13	—	—	4	4
Tide 120gm	P&G	10	100g	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	—	—	—	—
Tide 70gm	P&G	6	100g	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	—	—	—	—
Tide 4*250gm	P&G	78	100g	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	—	—	—	—
Sunlight 150gm	HUVR	20	100g												13	13	14	13	13	13	(5)	—	—	—

Source: Kotak Institutional Equities

Exhibit 2: KIE Consumer Pricing monitor (continued)

Category/Brand/SKU	MRP (Rs)	Aug-18	Norm Wt	Normalised price in Rs (adjusted for grammage changes)												Change (%)				
				Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	1M	3M	6M	1Y
Shampoo bottles																				
Clear Active Care Anti Dandruff 80ml	HUVR	65	100ml	74	75	75	75	75	75	75	81	81	81	81	81	81	81	81	81	81
Clinic Plus Anti Dandruff 80ml	HUVR	45	100ml	59	59	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56
Dove Dandruff Care 80ml	HUVR	68	100ml	73	75	75	75	75	75	85	85	85	85	85	85	85	85	85	85	85
Patanjali Kesh Kanti Anti-Dandruff 200ml	Patanjali	110	100ml												55	55	55	55	55	55
Pure Derm Dandruff Protect 80ml	HUVR	65	100ml												81	81	81	81	81	81
Tresemme Hair Fall Defense 190ml																				
Tresemme Hair Fall Defense 190ml	HUVR	105	100ml	62	67	67	67	67	67	73	73	73	73	73	73	73	73	73	73	73
Head & Shoulders Anti Hair Fall 170ml	P&G	145	100ml	79	88	88	97	97	97	81	81	81	81	81	81	81	81	81	81	81
Pantene Hair Fall Control 340ml	P&G	220	100ml	61	67	67	67	67	67	67	64	64	64	65	65	65	65	65	65	65
Pure Derm Anti Hairfall 180ml	HUVR	135	100ml												75	75	75	75	75	75
Clinic Plus Shmp Strong & Long 80ml																				
Clinic Plus Shmp Strong & Long 80ml	HUVR	45	100ml	59	59	56	56	56	56	50	50	50	50	50	50	50	50	50	50	50
Dove Daily Shine 80ml	HUVR	62	100ml	75	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78
Sunsilk Black Shine 80ml	HUVR	50	100ml	60	63	63	63	63	63	63	63	63	63	63	63	63	63	63	63	63
Head & Shoulders Smooth & Silky 180ml	P&G	145	100ml	79	88	88	97	97	97	88	81	81	81	81	81	81	81	81	81	81
Pantene Long Black 180ml	P&G	120	100ml	61	67	67	67	67	67	67	67	67	67	67	67	67	67	67	67	67
Dabur Shmp Vatika Black Shine Amla 180ml	Dabur	108	100ml	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62
Loreal Paris Total Repair 5 175ml	L'oreal	135	100ml												77	77	77	77	77	77
Himalaya Protein- Gentle Daily Care 200ml	Himalaya	128	100ml												64	64	64	64	64	64
Patanjali Kesh Kanti Natural Cleanser 200ml	Patanjali	75	100ml												38	38	38	38	38	38
Skin Creams/Lotions/Tals																				
Face Creams/Fairness Creams/Facial Cleanser																				
Fair & Lovely Advanced Multi Vitamin 50gm	HUVR	95	100g	186	186	192	192	192	192	186	186	186	186	186	190	190	190	190	190	190
DABUR Gulabari Premium Rose water 120ml	Dabur	199	100g	35	35	35	35	35	35	35	35	35	35	35	38	38	38	38	38	38
Nivea Crème 100ml	Nivea	45	100ml												135	135	135	135	135	135
Nivea Soft Light Moisturiser 100ml	Nivea	135	100ml												150	150	150	150	150	150
Ponds Light Light Moisturiser 150ml	HUVR	150	100ml												133	133	133	133	133	133
Fair & Handsome Whitening Cream, Laser 12 15g	Emami	50	100g												333	333	333	333	333	333
Anti-Ageing/Special Creams																				
Ponds Age Miracle Day Cream 50gm	HUVR	649	100g	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,298	1,298	1,298	1,298	1,298	1,298	1,298	1,298	1,298
Olay Age Protect Anti Ageing Cream 40gm	Olay	329	100g	725	725	725	725	725	725	823	823	873	873	873	873	823	823	823	823	823
Olay Skin Total Effect Normal Cream 50gm	Olay	849	100g	1,598	1,598	1,598	1,598	1,598	1,598	1,698	1,698	1,698	1,698	1,698	1,698	1,698	1,698	1,698	1,698	1,698
Body Lotions																				
Lakme Peach Milk Moisture 200ml	HUVR	310	100ml	140	155	155	155	155	155	155	155	155	155	155	155	155	155	155	155	155
Dove Go Fresh Normal Skin 400ml	HUVR	399	100ml	88	93	93	93	93	93	100	100	100	100	100	100	100	100	100	100	100
Ponds Dm Flower 100ml	HUVR	81	100ml	73	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81
Vaseline Healthy White 100ml	HUVR	99	100ml	95	95	95	95	95	95	99	99	99	99	99	99	99	99	99	99	99
Tals																				
Navratna Cool, Active Deo 100gm	Emami	68	100g												68	68	68	68	68	68
AXE Talc Dark Temptation 100gm	HUVR	63	100g	65	65	65	65	65	65	65	63	63	63	63	63	63	63	63	63	63
Ponds Talc Dream Flower Pink 100gm	HUVR	78	100g	76	76	76	76	76	76	76	76	76	76	76	78	78	78	78	78	78
Cinthal Talc Original 100gm	GCPL	55	100g	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55
Deodorants																				
Deodorants																				
Axe Dark Temptation 150ml	HUVR	190	100ml	133	133	133	133	127	127	127	127	127	127	127	127	127	127	127	127	127
Axe Deo Pulse 150ml	HUVR	190	100ml	133	133	133	133	133	133	127	127	127	127	127	127	127	127	127	127	127
Cinthal Deo Spray Dive 150ml	GCPL	195	100ml	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130
Set Wet Deospray Rave 150ml	Marico	149	100ml	133	133	127	99	99	99	99	99	99	99	99	99	99	99	99	99	99
Fogg Fresh Spicy Block 150ml	Vini	275	100ml												183	183	183	183	183	183
Engage Deo Spray - Urge 150ml	ITC	190	100ml												130	127	127	127	127	127
Wild Stone Deo Red 150ml	McROE	199	100ml												133	133	133	133	133	133
Air Fresheners																				
Aer Freshner Car Cool Surf Blue Bx 45ml	GCPL	379	100ml	582	582	582	582	582	582	632	632	632	842	842	842	842	842	842	842	842
Aer Freshner Cool Surf Blue Cn 300ml	GCPL	149	100ml	47	47	47	47	47	47	50	50	50	50	50	50	50	50	50	50	50
Godjee aer Pocket Bathroom Fragrance 10gm	GCPL	55	100ml												50	50	55	55	55	55
Odonil Zipper Bathroom Air Freshener 10gm	Dabur	45	100ml												45	45	45	45	45	45
Odonil Room Spray Home Freshener 200gm	Dabur	149	100g												70	70	75	75	75	75
Home Insecticides																				
Coils/Machine/Mats																				
Good Knight Mosquito Coil Low Smoke 12Hrs - 10 Coils	GCPL	33	100ml	32	32	32	32	32	32	33	33	33	33	33	33	33	33	33	33	33
Goodknight Machine Activ Combi	GCPL	85	100ml	99	99	99	99	99	99	85	85	85	85	85	85	85	85	85	85	85
Goodknight Mat Silver Power 30P	GCPL	60	100ml	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54
Mortein PowerGard 12 Hrs 10 Coils	Reckitt B.	32	100ml												32	32	32	32	32	32
Good knight Activ + Liquid Refill - Lavender 45 ml (45 nights)	GCPL	72	100ml												72	72	72	72	72	72
All Out Floral Refill - Power Plus 45 ml (45 nights)	SC Johnson	72	100ml												72	72	72	72	72	72
Maxo Mosquito Repellent liquid 45 ml (45 nights)	Jyothy Labs	67	100ml												67	67	67	67	67	67
Sprays/Aerosols																				
Hit Spray Cockroach Champion 320ml	GCPL	160	100ml	43	43	43	43	43	43	47	47	47	47	47	48	50	50	50	50	50
Creams/Lotions																				
Good Knight Cool Gel 50gm	GCPL	45	100ml												150	150	150	90	90	90
Odomos Mosquito Cream Natural 50gm	Dabur	48	100g	94	94	94	94	94	94	94	94	94	94	94	94	94	94	96	96	96
Hair Oils																				
Coconut Oils																				
Parachute coconut oil 100ml	Marico	39	100ml	32	32	36	36	36	36	39	39	39	39	39	39	39	39	39	39	39
Parachute coconut oil 250ml	Marico	105	100ml	33	33	36	36	36	36	42	42	42	42	42	42	42	42	42	42	42
Dabur Vatika hair oil 75ml	Dabur	42	100ml	44	44	44	44	44	44	56	56	56	56	56	56	56	56	56	56	56
Dabur Anmol Gold 175ml	Dabur	65	100ml												33	33	37	37	37	37
Patanjali Coconut Oil 200ml	Patanjali	72	100ml												36	36	36	36	36	36
Perfumed Hair Oils																				
Parachute Advanced hot oil 190ml	Marico	110	100ml	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58
Parachute Advanced 80ml	Marico	55	100ml	60	60	60	60	60	60	60	60	60	60	60	60	73	73	73	73	73
Parachute Jasmine 200ml	Marico	92	100ml																	

Exhibit 2: KIE Consumer Pricing monitor (continued)

Category/Brand/SKU	MRP (Rs)	Normalised price in Rs (adjusted for grammage changes)														Change (%)								
		Aug-18	Norm Wt	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	1M	3M	6M	1Y				
Eatable Oils																								
Saffola Kardi Oil - 1L	Marico	200	100ml	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	—	3	3	3
Saffola Tasty Blend - 1L	Marico	135	100ml	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	—	4	4	4
Saffola Gold - 1L	Marico	159	100ml	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	—	6	6	6
Saffola Active - 1L	Marico	130	100ml	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	—	—	—	—
Sundrop Heart - 1L	Marico	210	100ml	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	—	2	2	2
Sundrop Nutrilite - 1L	Marico	135	100ml	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	2	2	2	2
Sundrop Superlite Advanced -1L	Marico	195	100ml	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	—	2	2	2
Sundrop Goldlite -1L	Marico	140	100ml	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	—	2	2	2
Fortune Vivo- 1L	Adani Wilmar	150	100ml														15	15	15	15	—	3	—	—
Emami Rice bran oil- 1L	Emami	110	100ml													9	9	10	11	11	8	20	—	—
Tea/ Coffee																								
Tea																								
Red Label CTC 1kg	HUVR	430	100g	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	5	5	5	5
Society Tea 1kg	Amar Tea	415	100g	—	—	—	—	—	—	—	—	—	—	—	—	—	42	42	42	42	—	—	—	—
Red Label Natural Care Box 500gm	HUVR	250	100g	48	48	48	48	48	48	48	48	48	48	48	48	48	50	50	50	50	—	—	4	4
Tajmahal CTC Box 250gm	HUVR	140	100g	53	53	53	53	53	53	53	53	56	56	56	56	56	56	56	56	56	—	—	—	6
Agni CTC Leaves 1kg	TGBL	220	100g	23	23	23	20	20	20	20	20	20	20	20	20	20	20	20	20	22	10	10	10	(5)
Tata CTC Gold 1kg	TGBL	440	100g	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	44	5	5	5	5
Wagh Bakri Leaf Tea - Premium 1kg	Wagh Bakri	410	100g	—	—	—	—	—	—	—	—	—	—	—	—	—	41	41	41	41	—	—	—	—
Tea Bags/ Green Tea																								
Taj Mahal Tea Darjeeling Green Bag 10P	HUVR	60		60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	—	—	—	—
Taj Mahal Tea Masala Flavoured Bags 10P	HUVR	55		55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	—	—	—	—
Tata Tetly Tea Bag 25P	TGBL	50		50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	—	—	—	—
Tata Tetly Tea Bag Gm Regular 10P	TGBL	60		60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	—	—	—	—
Tata Tetly Green Tea Bag 30P	TGBL	140		160	160	160	160	160	160	160	160	140	140	140	140	140	140	140	140	140	—	—	(13)	(13)
Lipton Tea Bag Clear Green Jasmine 10P	HUVR	60		55	55	55	55	55	55	55	55	55	55	55	55	55	60	60	60	60	—	—	9	9
Iced Tea																								
Lipton Instant Mix Ice Tea Lemon Pp 500gm	HUVR	130	100g	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	—	—	—	—
Nestle Ice Tea Lemon 500gm	Nestle	165	100g	28	28	28	28	28	28	28	33	33	33	33	33	33	33	33	33	33	—	—	—	18
Coffee																								
Bru Gold Jar 100gm	HUVR	245	100g	265	265	265	265	245	245	245	245	245	245	245	245	245	245	245	245	245	—	—	—	(8)
Bru Instant Jar 100gm	HUVR	165	100g	170	170	170	170	165	165	165	165	165	165	165	165	165	165	165	165	165	—	—	—	(3)
Nescafe Classic Box 200gm	Nestle	440	100g	238	238	238	220	220	220	220	220	220	220	220	220	220	220	220	220	220	—	—	—	(7)
Nescafe Classic 50gm	Nestle	130	100g	290	290	290	260	260	260	260	260	260	260	260	260	260	260	260	260	260	—	—	—	(10)
Sunrise Premium Jar 50gm	Nestle	80	100g	200	200	200	200	200	200	200	160	160	160	160	160	160	160	160	160	160	—	—	(20)	(20)
Dairy																								
Milk/Condensed Milk/ Milk Powder																								
Nestle Condensed Milkmaid 400gm	Nestle	113	100g	30	30	30	30	28	28	28	28	28	28	28	28	28	28	28	28	28	—	—	—	(5)
Nestle Milk Slim 1L	Nestle	80	100ml	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	—	—	—	—
Nestle Milk Toned A+ 1L	Nestle	75	100ml	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	—	—	—	—
Britannia Milk 1L	Britannia	75	100ml	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	—	—	—	—
Britannia Milk Slimz 1L	Britannia	69	100ml	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	—	—	—	—
Amul Taaza 1L	Amul	60	100ml	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	—	(3)	(3)	—
Amul Gold 1L	Amul	64	100ml	6	6	6	6	6	6	6	7	7	7	7	7	7	6	6	6	6	—	(3)	(3)	—
Amul Lite 1L	Amul	72	100ml	6	6	6	6	6	6	6	7	7	7	7	7	7	7	7	7	7	—	—	—	24
Everyday Milkpow Dairy Whitner Pouch 400gm	Nestle	169	100g	45	45	45	45	45	45	45	42	42	42	42	42	42	42	42	42	42	—	—	—	(5)
Yoghurt/Dahi																								
Nestle Dahi Slim 200gm	Nestle	35	100g	15	15	15	15	15	15	15	18	18	18	18	18	18	18	18	18	18	—	—	—	17
Britannia Dahi Daily Fresh 150gm	Britannia	20	100g	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	—	—	—	—
Britannia Dahi Low Fat 200gm	Britannia	30	100g	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	—	—	—	—
Butter/Cheese																								
Britannia Cheese Block 400gm	Britannia	250	100g	—	—	—	—	—	—	—	—	—	—	—	—	63	63	63	63	63	—	—	—	—
Britannia Cheese Spread Classic 180gm	Britannia	85	100g	45	45	45	45	45	45	47	47	47	47	47	47	47	47	47	47	47	—	—	—	5
Amul Butter 500gm	Amul	225	100g	43	43	43	43	43	43	43	45	45	45	45	45	45	45	45	45	45	—	—	—	5
Amul Lite Butter 500gm	Amul	145	100g	31	31	31	31	31	31	31	29	29	29	29	29	29	29	29	29	29	—	—	—	(6)
Nutrilite Butter 500gm	Zydus Cadila	180	100g	32	32	32	32	32	32	32	34	34	34	34	34	36	36	36	36	36	—	—	6	13
Amul cheese slice plain 200 gm	Amul	118														59	59	59	59	59	—	—	—	—
Go cheese slice 200 gm	Parag milk foods	125														63	63	63	63	63	—	—	—	—
Britannia cheese slice 200 gm	Britannia	145														73	73	73	73	73	—	—	—	—
Cakes/ Desert Mixes																								
Britannia Cake Fruity Fun 60gm	Britannia	15	100g	19	19	19	19	19	19	19	19	20	20	25	25	25	25	25	25	25	—	—	33	33
Health Drinks/ Juices/ Health Supplements/ OTCs																								
Health Drinks																								
Horlicks Chocolate Jar 500gm	GSK CH	209	100g	47	47	47	43	43	43	43	42	42	42	42	42	42	42	42	42	42	—	—	(3)	(11)
Horlicks Protein+ Chocolate, 400gm Jar	GSK CH	495	100g													124	124	124	124	124	—	—	—	—
Horlicks Standard Jar 500gm	GSK CH	228	100g	49	49	49	46	46	46	46	46	46	46	46	46	46	46	46	46	46	—	—	—	(7)
Bournvita Chocolate 500gm Jar	Mondelez	215	100g													43	43	43	43	43	—	—	—	—
Complan Chocolate 450gm Jar	Kraft Heinz	270	100g													57	60	60	60	60	—	—	—	—
Horlicks Mother's Vanilla RI 450G	GSK CH	499	100g	95	95																			

Exhibit 2: KIE Consumer Pricing monitor (continued)

Category/Brand/SKU	MRP (Rs)	Norm Wt	Normalised price in Rs (adjusted for grammage changes)														Change (%)					
			Aug-18	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	1M	3M	6M	1Y		
Biscuits/Atta																						
Cream Biscuits																						
Sunfeast Dark Fantasy Chocolate 100gm	ITC	30	100g	25	25	25	25	25	25	25	30	30	30	30	30	40	40	—	33	33	60	
Britannia Cream Jim Jam 150gm	Britannia	30	100g	20	20	20	20	20	20	20	20	20	20	20	20	20	20	—	—	—	—	
Britannia Cream Pure magic vanilla 150gm	Britannia	30	100g	20	20	20	20	20	20	20	25	30	30	30	30	30	30	—	—	20	50	
Britannia Cream Treat Bourbon 150gm	Britannia	28	100g	18	18	18	18	19	19	19	19	19	19	19	19	19	19	—	—	—	4	
Sunfeast Cream Bourbon 150gm	ITC	26	100g	17	17	17	17	17	17	17	17	17	17	17	17	17	17	—	—	30	4	
Parle Cream Hide & Seek Bourbon 100gm	Parle products	25	100g	17	17	17	17	17	17	17	17	17	17	17	25	25	25	—	—	50	50	
Parle Crm Bis Bourbon Kream 150gm	Parle products	25	100g	13	13	13	13	13	13	13	17	17	17	17	17	17	17	—	—	—	—	
Oreo Choco Creme Biscuits 120gm	Mondelez	29	100g	—	—	—	—	—	—	—	—	—	—	—	25	24	24	—	—	—	(3)	
Britannia Tiger Cream Biscuits - Chocolate 43gm	Britannia	5	100g	—	—	—	—	—	—	—	—	—	—	—	12	12	12	—	—	—	—	
Sunfeast Special-bounce Cream Biscuits 83gm	ITC	10	100g	—	—	—	—	—	—	—	—	—	—	—	12	12	12	—	—	—	—	
Cookies/Healthy biscuits																						
Sunfeast Mom's Magic Cookie Butter 150gm	ITC	20	100g	10	10	10	10	10	10	10	13	13	13	13	13	13	13	—	—	—	33	
Britannia Good Day Butter 150gm	Britannia	22	100g	13	13	13	13	13	13	13	13	13	13	13	15	15	15	—	—	10	10	
Britannia Cookies Good Day Cashew 100gm	Britannia	20	100g	15	15	15	15	15	15	15	20	20	20	20	20	20	20	—	—	—	33	
Britannia NutriChoice Digestive 100gm	Britannia	25	100g	16	16	16	16	16	16	16	19	19	19	20	20	25	25	—	—	25	32	56
Sunfeast Farmitte - Oats & Almonds 75gm	ITC	25	100g	—	—	—	—	—	—	—	—	—	—	—	33	33	33	—	—	—	—	
Marie/Glucose/Salted/Nice Biscuits																						
Sunfeast Marie Light 100gm	ITC	10	100g	9	9	9	9	9	9	9	12	12	12	12	12	12	12	—	—	—	29	
Britannia Vita Marie Gold 150gm	Britannia	20	100g	13	13	13	13	13	13	13	13	13	13	13	13	13	13	—	—	—	—	
Parle Makesmith Marie 100gm	Parle products	10	100g	10	10	10	10	10	10	10	10	11	11	11	11	11	11	—	—	11	11	
Sunfeast Biscuits Glucose 80gm	ITC	5	100g	6	6	6	6	6	6	6	6	6	6	6	6	6	6	—	—	—	—	
Britannia Tiger 125gm	Britannia	10	100g	8	8	8	8	8	8	8	8	8	8	8	8	8	8	—	—	(1)	6	6
Parle Glucose 144gm	Parle products	10	100g	7	7	7	7	7	7	7	7	7	7	7	7	7	7	—	—	—	—	
Sunfeast Snacky Salted 80gm	ITC	10	100g	16	16	16	16	16	16	16	16	16	16	16	16	16	16	—	—	—	—	
Parle Salted Crackjack 80gm	Parle products	10	100g	13	13	13	13	13	13	13	13	13	13	13	13	13	13	—	—	—	6	
Parle Salted Monaco Classic 80gm	Parle products	10	100g	13	13	13	13	13	13	13	13	13	13	13	13	13	13	—	—	—	6	
Britannia 50-50 Maska Chaska 50gm	Britannia	10	100g	18	18	18	18	18	18	18	20	20	20	20	20	20	20	—	—	—	10	
Sunfeast Plain Nice 150gm	ITC	20	100g	13	13	13	13	13	13	13	13	13	13	13	13	13	13	—	—	—	—	
Britannia Nice Time 150gm	Britannia	25	100g	15	15	15	15	15	15	15	15	17	17	17	17	17	17	—	—	14	14	
Breakfast snacks																						
Marico Saffola Oats 1kg	Marico	185	100g	18	18	18	18	18	18	18	18	18	18	19	19	19	19	—	—	3	3	
Kelloggs Corn Flakes Original 475gm	Kelloggs	175	100g	—	—	—	—	—	—	—	—	—	—	37	37	37	37	—	—	—	—	
Bagnys Muesli - Crunchy 500gm	Bagnys India	290	100g	—	—	—	—	—	—	—	—	—	—	61	61	61	61	—	—	—	—	
Quaker Oats 1kg	Pepsi Co.	186	100g	—	—	—	—	—	—	—	—	—	—	19	19	19	19	—	—	—	—	
Atta																						
Aashirvaad Atta Multigrain 5kg	ITC	285	100g	5	5	6	6	6	6	6	6	6	6	6	6	6	6	—	—	4	4	8
Aashirvaad Atta Whole Wheat 5kg	ITC	235	100g	4	4	5	5	5	5	5	5	5	5	5	5	5	5	4	4	4	7	
Soups/Sauces/Spreads																						
Ketchup/Sauces/Spreads																						
Maggi Ketchup Tomato 1kg	Nestle	147	100g	15	15	15	15	15	15	15	15	15	15	15	15	15	15	—	—	—	—	
Maggi Sauce Tomato 1kg	Nestle	142	100g	14	14	14	14	14	14	14	14	14	14	14	14	14	14	—	—	—	—	
Kissan Ketchup Fresh Tomato Bt 1kg	HUVR	130	100g	13	13	13	13	13	13	13	13	13	13	13	13	13	13	—	—	4	4	
Kissan Sauce no onion no garlic 1K	HUVR	147	100g	13	13	13	13	13	13	13	15	15	15	15	15	15	15	—	—	—	18	
Spreads/Jams																						
Nutella Hazelnut Spread with Cocoa 160gm Jar	Ferrero	200	—	—	—	—	—	—	—	—	—	—	—	125	125	125	125	—	—	—	—	
Kissan Jam Mixed Fruit 200gm	HUVR	60	100g	30	30	30	30	30	30	30	30	30	30	30	30	30	30	—	—	—	—	
Sundrop Peanut Butter Creamy 508gm Jar	Agro tech	215	—	—	—	—	—	—	—	—	—	—	—	40	42	42	42	—	—	—	—	
Soups																						
Maggi Rich Tomato 45gm	Nestle	45	100g	83	83	83	83	83	83	83	83	83	83	100	100	100	100	—	—	20	20	
Knorr Classic Thick Tomato 61gm	HUVR	55	100g	100	100	100	100	100	100	100	100	90	90	90	90	90	90	—	—	(10)	(10)	
Maggi Sweet Corn Vegetable 45gm	Nestle	45	100g	125	125	125	125	125	125	125	125	125	125	100	100	100	100	—	—	(20)	(20)	
Knorr Sweet Corn Vegetable 44gm	HUVR	55	100g	117	117	117	117	117	117	117	117	125	125	125	125	125	125	—	—	7	7	
Chocolate bars																						
Nestle Kit Kat 76.8gm	Nestle	60	100g	78	78	78	78	78	78	78	78	78	78	78	78	78	78	—	—	—	—	
Nestle Munch Home Pk 72gm	Nestle	60	100g	55	55	55	55	55	55	55	57	83	83	83	83	83	83	—	—	(4)	51	
Nestle Milk 19.8gm	Nestle	10	100g	56	56	56	56	56	56	56	51	51	51	51	51	51	51	—	—	—	(9)	
Nestle Bar One 22gm	Nestle	10	100g	45	45	45	45	45	45	45	45	45	45	45	45	45	45	—	—	—	—	
Nestle Munch crunchiest ever 20.1g	Nestle	10	100g	58	58	58	58	58	58	58	58	58	58	50	50	50	50	—	—	(14)	(14)	
Cadbury Dairy Milk 12gm	Mondelez	10	100g	—	—	—	—	—	—	—	—	—	—	83	76	76	76	—	—	(9)	—	
Cadbury Dairy Milk 60gm	Mondelez	65	100g	—	—	—	—	—	—	—	—	—	—	108	108	108	108	—	—	—	—	
Cadbury 5 Star 19.5gm	Mondelez	10	100g	—	—	—	—	—	—	—	—	—	—	51	51	51	51	—	—	—	—	
Cadbury Perk 28gm	Mondelez	10	100g	—	—	—	—	—	—	—	—	—	—	36	36	36	36	—	—	—	—	
Kinder Joy 20gm	Ferrero	40	100g	—	—	—	—	—	—	—	—	—	—	185	200	200	200	—	—	8	—	
Ferrero Rocher 16pcs 200gm box	Ferrero	475	100g	—	—	—	—	—	—	—	—	—	—	220	238	238	238	—	—	8	—	
Noodles																						
Noodles																						
Maggi Masala 70gm	Nestle	12	100g	17	17	17	16	16	16	16	16	16	16	16	17	17	17	—	—	9	9	—
Maggi Masala 140gm	Nestle	23	100g	17	17	17	17	16	16	16	16	16	16	16	16	16	16	—	—	5	5	(4)
Maggi Masala 280gm	Nestle	44	100g	16	16	16	16	16	16	16	16	16	16	16	16	16	16	—	—	—	(2)	—
Maggi oats noodles 300gm	Nestle	95	100g	—	—	—	—	—	—	—	—	—	—	32	32	32	32	—	—	—	—	
Maggi Chicken 284gm	Nestle	55	100g	21	21	21	21	19	19	19	19	19	19	19	19	19	19	—	—	—	(8)	
Maggi Cuppa Mania Yo Masala 70gm	Nestle	40	100g	64	64	64	64	64	64	64	57	57	57	57	57	57	57	—	—	—	(11)	
Maggi Atta masala 300gm	Nestle	75	100g	24	24	24	24	24	24	24	23	23	23	25	25	25	25	—				

Exhibit 2: KIE Consumer Pricing monitor (continued)

Category/Brand/SKU	MRP (Rs)	Norm Wt	Normalised price in Rs (adjusted for grammage changes)												Change (%)				
			Aug-18	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	1M	3M	6M
Soft drinks (excl. juices)																			
Soft drinks (excl. juices)																			
Pepsi bottle 750ml	Pepsi Co	40	100ml											5	5	5	5	—	—
Pepsi bottle 2.25L	Pepsi Co	90	100ml											4	4	4	4	—	—
Coca Cola bottle 750ml	Coca-Cola	40	100ml											5	5	5	5	—	—
Coca Cola bottle 1.75L	Coca-Cola	75	100ml											4	4	4	4	—	—
Thums up bottle 750ml	Coca-Cola	40	100ml											5	5	5	5	—	—
Sprite bottle 750ml	Coca-Cola	40	100ml											5	5	5	5	—	—
Sprite bottle 1.75L	Coca-Cola	75	100ml											4	4	4	4	—	—
Maaza bottle 600ml	Coca-Cola	37	100ml											6	6	6	6	—	—
Tropicana Mango Slice 600ml	Pepsi Co	37	100ml											6	6	6	6	—	—
Frooti bottle 300ml	Parle Agro	20	100ml											7	7	7	7	—	—
7 Up Nimbooz 350ml	Pepsi Co	25	100ml											7	7	7	7	—	—
Mens Grooming																			
Mens Grooming																			
Gillette Vector Plus Razor	P&G	60	1 pc											60	60	60	60	—	—
Gillette Vector Plus Cartridge pack (6 pcs)	P&G	150	1 pc											25	25	25	25	—	—
Gillette Mach 3 Razor	P&G	180	1 pc											180	180	180	180	—	—
Gillette Mach 3 Cartridge pack (4 pcs)	P&G	449	1 pc											119	119	119	119	—	—
Gillette Fusion Razor	P&G	350	1 pc											350	350	350	350	—	—
Gillette Fusion Cartridge pack (4 pcs)	P&G	900	1 pc											225	225	225	225	—	—
Gillette Foam - Classic Regular 418gm	P&G	199	100g											55	55	55	55	—	—
Godrej Shaving Cream Lime Fresh 60 gm	GCPL	65	100g											108	108	108	108	—	—
Feminine hygiene																			
Feminine hygiene																			
Whisper Sanitary Pads- Ultra Clean XL+ Wings (15 pcs)	P&G	160	1 pc											11	11	11	11	0	(3)
Stayfree SPS- Dry-Max All Night Ultra XI Wings (14 pcs)	J&J	172	1 pc											13	13	13	12	(2)	(2)
Sofy Sanitary Pads - Body Fit Antibacteria, XL (15 pcs)	Unicharm	125	1 pc											8	8	8	8	—	—
Carefree Sanitary Pads - Regular (10pcs)	J&J	75	1 pc											8	7	8	8	0	—
Baby Diapers																			
Baby Diapers																			
Pampers Diaper Pants - L (48 pcs)	P&G	699	1 pc											14	14	14	15	8	8
Mamypoko Diaper Pants- L (46 pcs)	Unicharm	699	1 pc											15	15	15	15	—	—
Huggies Diaper Pants- L (48 pcs)	HUVR	699	1 pc											15	15	15	15	4	4

Source: Company, Kotak Institutional Equities

Exhibit 3: Ongoing promotional activity across FMCG categories in Sep 2018

	SKU	MRP (Rs)		Eff change (%)	Promotional offer
		Original	Offer		
Soaps					
Pears soap	125gm	67	67	(16.7)	Free 20% extra
Pears soap	75gm	40	40	(25.0)	Free 33% extra
Detergents/Dishwash					
Surf Excel matic Top load detergent powder	4Kg	898	898	(33.3)	Free 50% extra
Surf Excel matic Front load detergent powder	4Kg	998	998	(33.3)	Free 50% extra
Ariel Excel matic Top load detergent powder	4Kg	898	898	(33.3)	Free 50% extra
Ariel Excel matic Front load detergent powder	4Kg	998	998	(33.3)	Free 50% extra
Ariel Excel matic Top load detergent powder	3Kg	597	447	(25.1)	Price off Rs150; 25% discount
Ariel Excel matic Front load detergent powder	3Kg	645	495	(23.3)	Price off Rs150; 23.3% discount
Surf Excel Quick wash detergent powder	1Kg	190	170	(10.5)	Price off Rs20; 10.5% discount
Surf Excel Quick wash detergent powder	2Kg	380	340	(10.5)	Price off Rs40; 10.5% discount
Ariel Complete detergent powder	1Kg	249	249	(33.3)	Free 50% extra
Henko Lintelligent Matic - Top Load detergent powder	1Kg	222	192	(13.5)	Price off Rs30; 13.5% discount
Henko Stain Champion	1Kg	138	112	(18.8)	Price off Rs26; 18.8% discount
Henko Stain Champion	3Kg	381	381	(25.0)	Free 33% extra
Other home & personal care items					
Dove Nourishing Daily Shine Shampoo	340ml	210	210	(20.9)	Free 26% extra
Harpic Power plus Original - toilet cleaner	500ml	80	80	(23.1)	Free 30% extra
Dabur Almond hair oil	200ml	115	115	(20.0)	Free 25% extra
Dabur Red Gel toothpaste	150gm	90	90	(16.7)	Free 50 ml Dabur Vatika hair oil worth Rs20
Phil liquid dishwash	2L	335	335	(17.5)	Free 425ml extra worth Rs99
Biscuits/Cakes					
Britannia Good Day Butter cookies	53gm	10	10	(29.3)	Free 41% extra
Britannia Good Day Cashew cookies	53gm	10	10	(11.7)	Free 13% extra
Britannia Good Day Chocochip cookies	44gm	10	10	(21.4)	Free 27% extra
Britannia Good Day Choco Almond cookies	100gm	30	30	(16.7)	Free 20% extra
Parle Krackjack	75.6gm	10	10	(20.0)	Free 25gm extra
Britannia Marie Gold	68gm	10	10	(23.6)	Free 30% extra
Parle G Gold	90gm	10	10	(20.0)	Free 25% extra
Parle H&S butter cookies	66.7gm	10	10	(20.0)	Free 25% extra
Parle H&S Cashew Butter cookies	150gm	30	25	(16.7)	Price off Rs5; 16.7% discount
Parle Top biscuits	75gm	10	10	(16.7)	Free 20% extra
Sunfeast Mom's Magic Rich butter cookies	60gm	10	10	(20.0)	Free 25% extra
Sunfeast Mom's Magic Cashew & Almond cookies	100gm	20	20	(16.7)	Free 20% extra

Source: Kotak Institutional Equities

Exhibit 4: Monthly raw material trends for August 2018

No	Commodity	Unit	Current	% chg - local currency				% chg - currency Adj.				Companies impacted
				MoM	3M	6M	YoY	MoM	3M	6M	YoY	
Agri Commodities											Inflationary = +3%	
											Deflationary = -3%	
1	Tea - India Avg.	Rs/Kg	147	(3)	7	36	5	(3)	7	36	5	HUL, TGBL
2	Tea - World Avg.	USD/MT	2,810	(3)	(7)	(6)	(11)	(1)	(4)	1	(3)	HUL, TGBL
3	Tea - Mombassa/Kenya	USD/Kg	3	(4)	(8)	(20)	(17)	(3)	(6)	(13)	(9)	HUL, TGBL
4	Coffee Arabica - Intl.	US cents/Pound	129	(3)	(9)	(10)	(17)	(2)	(6)	(3)	(10)	HUL, Nestle, TGBL
5	Coffee Robusta - Intl.	US cents/Pound	84	(5)	(9)	(10)	(21)	(3)	(7)	(3)	(14)	HUL, Nestle, TGBL
6	Sugar - domestic	Rs/Quintal	3,462	(3)	18	(3)	(14)	(3)	18	(3)	(14)	HUL, Nestle, GSKCHL, ITC, Dabur, Britannia
7	Wheat	Rs/Quintal	1,974	4	13	11	12	4	13	11	12	ITC, Nestle, GSKCHL, Britannia
8	Barley	Rs/Quintal	1,640	6	10	11	12	6	10	11	12	GSKCHL
9	Maize (corn)	USD/MT	162	4	(9)	(1)	9	5	(7)	7	19	Colgate, HUL, Dabur (Sorbitol)
10	Liquid Milk - domestic	Rs/Ltr	32	(9)	(6)	(6)	(16)	(9)	(6)	(6)	(16)	Nestle, GSKCHL, Jubilant Foodworks, Britannia
11	Milk Powder - domestic	Rs/Kg	248	(2)	(2)	(3)	(5)	(2)	(2)	(3)	(5)	Nestle, GSKCHL, Britannia
12	Cocoa Bean	USD/MT	2,214	(8)	(19)	2	9	(6)	(16)	10	18	Nestle
Oil Commodities												
13	Crude Oil - Brent	USD/Barrel	73	(2)	(5)	12	42	(0)	(2)	21	55	HUL, GCPL, Jyothy Labs, Asian Paints, Pidilite
14	Palm oil	Rs/MT	59,824	(5)	(9)	4	18	(5)	(9)	4	18	HUL, GCPL, Jyothy Labs
15	PFAD	USD/MT	489	(0)	(4)	(21)	(21)	1	(1)	(15)	(14)	HUL, GCPL, Jyothy Labs
16	Light liquid paraffin (LLP)	Rs/Ltr	48	(1)	2	1	23	(1)	2	1	23	Marico, Dabur, Bajaj Corp
17	Copra	Rs/Quintal	11,535	(3)	(11)	(18)	9	(3)	(11)	(18)	9	Marico, Dabur
18	Coconut oil	Rs/Quintal	16,404	(2)	(9)	(13)	13	(2)	(9)	(13)	13	Marico, Dabur
19	Rice Bran oil	Rs/10Kg	689	(1)	6	17	19	(1)	6	17	19	Marico
20	Kardi oil/ Safflower oil	Rs/MT	1,271	—	(4)	(13)	(4)	—	(4)	(13)	(4)	Marico
21	Sunflower oil	Rs/MT	75,452	(0)	7	12	23	(0)	7	12	23	Marico
22	Groundnut oil	Rs/MT	93,667	10	12	8	6	10	12	8	6	Marico, Dabur
23	Linseed oil	Rs/MT	94,548	8	20	17	27	8	20	17	27	Marico, Dabur, Bajaj Corp, Asian Paints
24	Castor oil	Rs/MT	94,190	4	12	5	(4)	4	12	5	(4)	Marico, Dabur, Bajaj Corp, Asian Paints
25	Mentha oil	Rs/Kg	2,065	13	33	36	58	13	33	36	58	Emami, Colgate, HUL, Dabur
Chemicals/Paints/Other Commodities												
26	Caustic soda	Rs/ 50Kg	2,108	(3)	(14)	(15)	(5)	(3)	(14)	(15)	(5)	HUL, GCPL, Jyothy Labs
27	Soda ash	Rs/ 50Kg	1,296	11	4	1	0	11	4	1	0	HUL, GCPL, Jyothy Labs
28	LAB	Rs/Kg	112	1	6	6	19	1	6	6	19	HUL, Jyothy Labs
29	HDPE - domestic	Rs/Kg	127	—	1	10	31	—	1	10	31	All companies
30	PAN	Rs/Kg	80	—	—	14	14	—	—	14	14	Asian Paints
31	PENTA	Rs/Kg	115	—	—	—	—	—	—	—	—	Asian Paints
32	Tio2 Anatase	Rs/Kg	168	—	(9)	(9)	(4)	—	(9)	(9)	(4)	Asian Paints
33	Tio2 Rutile	Rs/Kg	215	—	—	2	2	—	—	2	2	Asian Paints
34	Tio2 Dupont	Rs/Kg	263	(1)	3	9	8	(1)	3	9	8	Asian Paints
35	Turpentine oil	Rs/Ltr	106	(2)	13	33	45	(2)	13	33	45	Asian Paints
36	Formaldehyde	Rs/Kg	26	—	—	8	13	—	—	8	13	Asian Paints
37	Acrylic acid	Rs/Kg	125	—	—	(4)	14	—	—	(4)	14	Asian Paints
38	Vinyl Acetate - Domestic	Rs/Kg	92	(5)	(14)	22	22	(5)	(14)	22	22	Asian Paints
39	Vinyl Acetate - China	US\$/MT	1,252	(5)	(1)	0	29	(4)	2	8	41	Pidilite, Asian Paints
40	Styrene - domestic	Rs/Kg	103	3	6	(3)	(3)	3	6	(3)	(3)	Asian Paints
41	Gold	Rs/10gm	29,635	(2)	(5)	(2)	3	(2)	(5)	(2)	3	Titan, Jewellery companies
42	Diamond price index	USD/Carrat	120	—	—	1	3	1	3	9	12	Titan, Jewellery companies

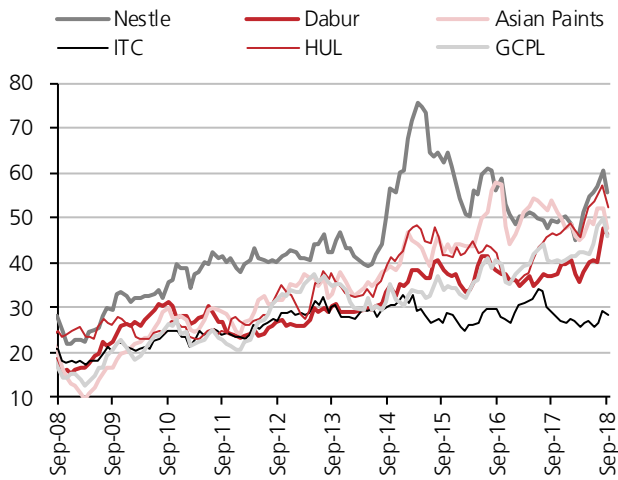
Source: Kotak Institutional Equities

Exhibit 5: KIE Consumer universe valuation summary

Company	Rating	TP	15-Oct-18	Upside /	Mkt cap.		EPS (Rs)			EPS Growth, %			PER (X)			EPS	Sales		
		(Rs)	Price (Rs)	(downside)	(Rs bn)	(US\$ m)	2018	2019E	2020E	2018	2019E	2020E	2018	2019E	2020E	CAGR - (2018-20E), %			
Consumer Products																			
Asian Paints	REDUCE	1,200	1,261	(5)	1,210	16,260	20.5	27.1	32.6	2.9	32.1	20.3	61.4	46.5	38.7	26.0	18.0		
Bajaj Corp	ADD	405	399	2	59	790	14.3	15.4	17.0	(9.4)	7.8	10.3	27.8	25.8	23.4	9.1	12.6		
Britannia Industries	ADD	5,875	5,758	2	691	9,286	83.7	104.2	127.3	13.5	24.5	22.2	68.8	55.3	45.2	23.4	14.7		
Coffee day Enterprises	REDUCE	265	249	6	51	689	3.4	7.9	10.3	53.0	129.9	30.0	72.6	31.6	24.3	72.9	10.6		
Colgate-Palmolive (India)	ADD	1,120	1,100	2	299	4,021	23.8	27.3	31.5	15.2	14.7	15.6	46.3	40.3	34.9	15.1	10.4		
Dabur India	REDUCE	345	396	(13)	718	9,656	7.8	9.1	10.3	7.2	17.3	12.9	52.5	44.7	39.6	15.1	13.4		
GlaxoSmithKline Consumer	REDUCE	6,325	6,982	(9)	294	3,947	166.5	199.0	223.1	6.6	19.5	12.1	41.9	35.1	31.3	15.8	11.0		
Godrej Consumer Products	REDUCE	645	716	(10)	732	9,840	14.2	16.9	19.2	11.6	18.8	13.7	50.3	42.4	37.3	16.2	11.8		
Hindustan Unilever	REDUCE	1,430	1,570	(9)	3,397	45,658	24.5	29.3	33.1	24.8	19.5	13.2	64.1	53.7	47.4	16.3	12.2		
ITC	ADD	310	275	13	3,364	45,211	8.9	9.6	10.8	7.8	8.2	12.3	30.9	28.5	25.4	10.2	8.0		
Jubilant Foodworks	BUY	1,430	1,176	22	155	2,085	14.6	25.4	35.0	191.7	74.7	37.6	81.6	46.7	33.6	55.1	18.0		
Jyothy Laboratories	ADD	210	205	2	74	1,001	4.4	5.6	6.6	(26.4)	27.6	16.7	46.5	36.4	31.2	22.0	14.3		
Marico	ADD	310	315	(2)	406	5,463	6.3	6.8	8.2	2.0	8.1	20.0	49.9	46.2	38.5	13.9	14.2		
Nestle India	ADD	9,950	9,700	3	935	12,571	127.1	170.6	197.4	21.1	34.2	15.7	76.3	56.9	49.1	24.6	11.9		
Page Industries	SELL	22,300	29,032	(23)	324	4,352	311.1	417.8	508.2	30.3	34.3	21.6	93.3	69.5	57.1	27.8	19.5		
Pidlite Industries	REDUCE	960	993	(3)	509	6,845	18.0	21.1	25.7	7.5	16.8	21.8	55.1	47.2	38.7	19.3	16.6		
S H Kelkar	BUY	240	199	21	29	387	7.4	6.9	9.9	2.1	(6.2)	41.9	26.9	28.7	20.2	15.4	9.3		
Tata Global Beverages	ADD	230	229	0	145	1,943	7.3	7.9	9.3	20.7	7.7	17.0	31.2	28.9	24.7	12.3	5.5		
Titan Co.	REDUCE	760	805	(6)	715	9,608	12.5	16.1	19.6	45.3	28.1	21.8	64.2	50.1	41.2	24.9	20.1		
United Breweries	REDUCE	1,040	1,175	(11)	311	4,174	14.9	20.8	25.7	71.6	39.2	23.6	78.6	56.5	45.7	31.2	12.3		
United Spirits	REDUCE	470	522	(10)	379	5,095	7.6	10.2	13.4	39.1	34.7	30.9	68.6	50.9	38.9	32.8	10.6		
Varun Beverages	REDUCE	700	767	(9)	140	1,879	11.5	15.0	20.1	378.1	29.9	34.5	66.5	51.2	38.1	32.2	18.6		
KIE universe					14,948	2,00,916				12.6	17.9	16.1	49.4	41.9	36.1	15.2	12.9		
KIE universe (ex-ITC)					11,445	1,53,825				15.2	23.3	17.9	59.3	48.1	40.8	19.2	14.1		
Price performance (%)																			
		1-mo	3-mo	6-mo	1-yr	EV/EBITDA (X)						EV/Sales (X)			FCF yield (%)			Dividend yield (%)	
						2018E	2019E	2020E	2018E	2019E	2020E	2018E	2019E	2020E	2018E	2019E	2020E	2019E	2020E
Asian Paints		(2)	(7)	8	9	37.5	29.1	24.1	7.1	6.0	5.0	0.6	1.1	2.1	1.0	1.0	1.2		
Bajaj Corp		(7)	(4)	(20)	(4)	21.9	20.6	17.6	6.7	6.0	5.3	2.9	3.5	4.3	3.3	3.5	3.5		
Britannia Industries		(4)	(10)	12	27	45.4	36.2	29.5	6.8	5.9	5.0	1.2	1.3	1.6	0.6	0.8	0.8		
Coffee day		(20)	(7)	(17)	13	12.7	11.1	9.7	2.1	2.0	1.8	2.8	0.4	1.0	—	—	—		
Colgate-Palmolive (India)		(1)	(4)	1	0	26.5	23.0	20.0	7.0	6.4	5.6	1.7	2.7	2.8	1.5	1.7	1.7		
Dabur India		(10)	8	20	27	46.3	40.0	34.5	9.1	8.0	7.0	1.3	1.9	2.1	0.9	1.1	1.1		
GlaxoSmithKline Consumer		(6)	11	16	40	29.2	24.5	21.1	6.0	5.4	4.7	2.6	2.1	2.3	1.3	1.5	1.5		
Godrej Consumer Products		(17)	(18)	(0)	10	36.7	30.9	26.7	7.9	7.0	6.1	2.9	2.4	2.6	0.8	0.9	0.9		
Hindustan Unilever		(4)	(10)	11	26	45.8	37.0	32.5	9.4	8.3	7.4	1.6	1.8	2.1	1.4	1.6	1.6		
ITC		(10)	(1)	5	3	20.7	18.8	16.6	8.0	7.5	6.8	3.1	2.8	3.2	2.0	2.4	2.4		
Jubilant Foodworks		(12)	(17)	(4)	58	34.7	23.9	18.5	5.0	4.2	3.6	0.0	1.9	2.5	0.2	0.3	0.3		
Jyothy Laboratories		1	(6)	10	6	30.2	24.6	20.9	4.3	3.7	3.2	3.3	2.3	3.1	0.5	0.8	0.8		
Marico		(9)	(10)	(2)	(1)	35.4	32.0	26.4	6.4	5.5	4.8	1.1	2.1	2.7	1.5	1.7	1.7		
Nestle India		(6)	(3)	12	31	41.6	32.3	27.8	9.0	8.0	7.1	1.8	2.2	2.5	1.2	1.4	1.4		
Page Industries		(14)	3	17	55	59.5	44.8	37.0	12.4	10.3	8.6	1.3	1.1	1.4	0.6	0.8	0.8		
Pidlite Industries		(10)	(8)	(1)	23	37.1	31.6	26.0	8.1	6.9	5.9	0.9	1.1	1.7	0.7	0.8	0.8		
S H Kelkar		(10)	(8)	(21)	(29)	18.8	18.6	13.3	2.9	2.8	2.4	(1.1)	1.8	2.3	0.9	1.0	1.0		
Tata Global Beverages		3	(14)	(16)	8	16.3	15.8	13.9	2.1	1.9	1.8	0.0	2.5	2.8	1.3	1.5	1.5		
Titan Co.		(3)	(0)	(18)	29	43.1	33.2	26.5	4.4	3.6	3.0	(0.6)	1.3	1.1	0.6	0.7	0.7		
United Breweries		(11)	(1)	13	38	34.7	27.9	23.9	5.6	4.9	4.3	1.2	1.4	1.8	0.3	0.4	0.4		
United Spirits		(9)	(13)	(24)	7	39.8	29.8	24.0	5.1	4.5	3.9	3.1	1.6	2.0	—	0.4	0.4		
Varun Beverages		(6)	3	18	53	20.2	17.0	14.5	4.2	3.3	2.9	(3.0)	0.8	1.4	—	—	—		
KIE FMCG universe		(8)	(6)	5	17	32.5	27.4	23.5	7.1	6.3	5.5	1.7	2.0	2.3	1.0	1.2	1.2		
KIE universe (ex-ITC)		(8)	(8)	3	21	38.0	30.9	26.2	6.9	6.0	5.2	1.3	1.7	2.1	0.9	1.1	1.1		
Sensex		(8)	(5)	2	8														

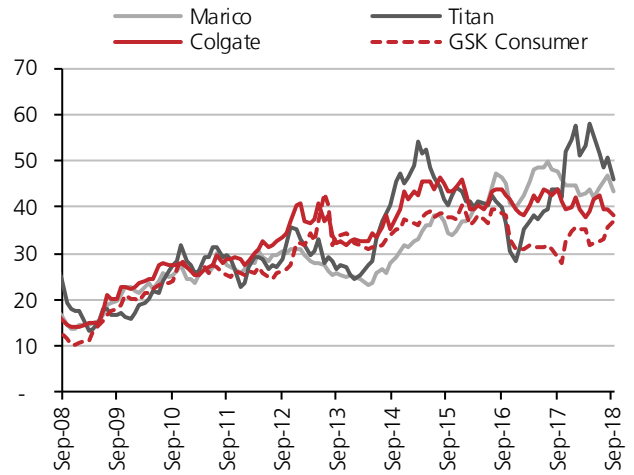
Source: Bloomberg, Company, Kotak Institutional Equities estimates

Exhibit 6: P/E multiples are fairly high for the earnings profile
One-year forward PE (based on consensus estimates)



Source: Bloomberg, Company, Kotak Institutional Equities

Exhibit 7: P/E multiples are fairly high for the earnings profile
One-year forward PE (based on consensus estimates)



Source: Bloomberg, Company, Kotak Institutional Equities

Exhibit 8: Consumer sector P/E rich at ~39X
One-year forward P/E based on consensus estimates (X)



Source: Bloomberg, Company, Kotak Institutional Equities

Exhibit 9: Consumer sector (ex-ITC) is trading at ~48X
One-year forward P/E based on consensus estimates (X)



Source: Bloomberg, Company, Kotak Institutional Equities

Exhibit 10: Most FMCG stocks are trading at premium to their 5-year historical average

One-year forward PE based on consensus estimates (X)

	HUL	ITC	Nestle	Colgate	GSKCHL	APNT	GCPL	Marico	Dabur	Titan	TGBL	Britannia	Pidilite	Sector
Average P/E (X)														
3-Yr	44.2	28.3	53.4	41.3	34.5	49.1	39.7	43.3	38.1	43.3	24.2	44.3	41.2	36.7
5-Yr	42.5	28.7	54.1	40.4	34.7	45.2	36.8	38.0	36.3	41.8	25.7	37.5	37.9	35.6
10-Yr	34.9	26.3	45.0	33.8	29.5	35.4	30.6	31.2	30.8	33.3	23.0	30.9	29.0	30.4
Current P/E	44.2	28.3	53.4	41.3	34.5	49.1	39.7	43.3	38.1	43.3	24.2	44.3	41.2	36.7
Current Prem/Disc to Avg (%)														
Prem/Disc to 3-Yr Avg	18	0	4	(7)	8	(3)	16	0	22	6	18	21	21	7
Prem/Disc to 5-Yr Avg	23	(1)	2	(5)	7	5	24	14	28	10	11	43	32	10
Prem/Disc to 10-Yr Avg	50	8	23	13	26	34	50	39	51	37	24	73	72	29
5-year P/E variables (X)														
Median	42.3	28.4	51.1	41.0	35.0	44.6	35.4	38.9	36.8	41.3	26.2	38.5	36.3	36.1
Average	42.5	28.7	54.1	40.4	34.7	45.2	36.8	38.0	36.3	41.8	25.7	37.5	37.9	35.6
STD	5.9	2.1	8.7	3.8	3.1	6.3	4.9	7.9	4.0	8.5	4.7	10.9	6.3	2.9
Max	57.2	34.0	75.5	46.3	40.2	58.1	49.8	49.7	47.5	58.0	36.6	59.6	52.6	41.8
+1 STD	48.5	30.8	62.8	44.2	37.8	51.5	41.7	45.9	40.3	50.3	30.3	48.5	44.1	38.5
Min	32.2	24.9	39.4	32.0	28.0	32.8	29.3	23.3	28.9	24.6	17.6	18.2	28.4	29.2
-1 STD	36.6	26.6	45.4	36.6	31.7	38.8	32.0	30.1	32.3	33.3	21.0	26.6	31.6	32.7
Difference versus current P/E (%)														
Median	23	(0)	9	(7)	6	7	30	11	26	11	9	39	38	8
Average P/E	23	(1)	2	(5)	7	5	24	14	28	10	11	43	32	10
Max	(9)	(17)	(27)	(18)	(8)	(18)	(8)	(13)	(2)	(21)	(22)	(10)	(5)	(6)
+1 STD	8	(8)	(12)	(14)	(2)	(8)	10	(6)	15	(9)	(6)	11	13	2
Min	62	14	41	19	33	45	56	86	60	86	62	194	76	34
-1 STD	42	7	22	4	17	23	43	44	44	38	36	101	58	20

Source: Bloomberg, Company, Kotak Institutional Equities

Exhibit 11: Relative valuation (to Sensex)

One-year forward Premium to Sensex based on consensus estimates (X)

	HUL	ITC	Nestle	Colgate	GSKCHL	APNT	GCPL	Marico	Dabur	Titan	TGBL	Britannia	Pidilite	Sector
Average Relative P/E (X)														
3-Yr	2.2	1.4	2.7	2.1	1.7	2.4	2.0	2.1	1.9	2.1	1.2	2.2	2.0	1.8
5-Yr	2.1	1.5	2.7	2.0	1.8	2.3	1.9	1.9	1.8	2.1	1.3	1.9	1.9	1.8
10-Yr	2.0	1.5	2.5	1.9	1.7	2.0	1.7	1.7	1.7	1.9	1.3	1.7	1.6	1.7
Current Relative P/E	2.8	1.4	2.9	1.9	1.7	2.5	2.4	2.3	2.3	2.5	1.4	2.9	2.5	2.0
Current Prem/Disc to Avg (%)														
Prem/Disc to 3-Yr Avg	26	(0)	9	(8)	(1)	3	23	6	22	14	17	32	23	11
Prem/Disc to 5-Yr Avg	29	(4)	7	(7)	(3)	10	29	19	25	17	6	55	31	12
Prem/Disc to 10-Yr Avg	40	(7)	15	0	3	28	40	29	32	32	7	67	55	17
5-year relative P/E variable (X)														
Median	2.2	1.5	2.8	2.0	1.7	2.3	1.9	2.0	1.8	2.1	1.3	1.9	1.8	1.8
Average	2.1	1.5	2.7	2.0	1.8	2.3	1.9	1.9	1.8	2.1	1.3	1.9	1.9	1.8
STD	0.2	0.2	0.4	0.1	0.2	0.3	0.2	0.3	0.2	0.3	0.3	0.5	0.2	0.1
Max	2.8	2.0	3.5	2.4	2.3	2.9	2.4	2.4	2.3	2.8	1.9	2.9	2.6	2.1
+1 STD	2.4	1.6	3.1	2.2	2.0	2.5	2.1	2.2	2.0	2.4	1.6	2.3	2.1	1.9
Min	1.7	1.2	2.1	1.8	1.3	1.8	1.4	1.3	1.6	1.5	0.9	1.0	1.5	1.6
-1 STD	1.9	1.3	2.4	1.9	1.5	2.0	1.6	1.6	1.7	1.8	1.0	1.4	1.7	1.7
Difference versus current relative P/E (%)														
Median	28	(4)	6	(6)	(1)	10	27	10	25	17	6	49	34	13
Average P/E	29	(4)	7	(7)	(3)	10	29	19	25	17	6	55	31	12
Max	-	(31)	(16)	(22)	(25)	(12)	-	(4)	-	(13)	(27)	(1)	(3)	(5)
+1 STD	16	(14)	(6)	(13)	(15)	(1)	14	1	15	2	(12)	23	16	6
Min	58	13	37	7	30	37	68	70	46	64	51	191	71	26
-1 STD	44	8	24	0	11	24	47	43	37	39	33	109	50	19

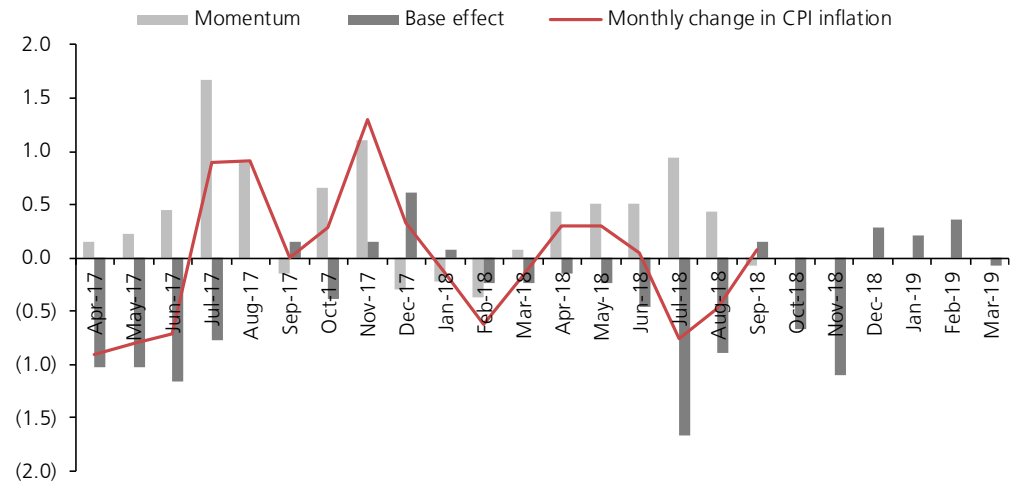
Source: Bloomberg, Company, Kotak Institutional Equities

Exhibit 1: Determining operating profit in different GST benefit 'pass-through' scenarios

	Pre-GST			Scenario1: Post-GST, 100% passthrough, no discretion		
	Mass	Premium	Portfolio	Mass	Premium	Portfolio
Per unit math						
Consumer price (Rs)	1.00	2.00		0.92	1.84	
Change versus pre-GST (%)				(7.81)	(7.81)	
Indirect taxes (Rs)	0.22	0.44		0.14	0.28	
Indirect tax (%)	28.0	28.0		18.0	18.0	
Company realization (Rs)	0.78	1.56		0.78	1.56	
Company P&L						
Volumes (units)	200	100	300	200	100	300
% of volumes	67	33		67	33	
Sales (Rs)	156	156	313	156	156	313
% of sales	50	50		50	50	
Cost/unit (Rs)	0.70	1.09	0.83	0.70	1.09	0.83
Total cost (Rs)	141	109	250.0	141	109	250.0
Operating profit (Rs)	15.6	46.9	62.5	15.6	46.9	62.5
Operating profit margin (%)	10.0	30.0	20.0	10.0	30.0	20.0
Indirect taxes (Rs)	44	44	88	28	28	56
Consumer spend (Rs)	200	200	400	184	184	369
Scenario 2: Post-GST, 100% passthrough, with discretion, mix-neutral						
	Mass	Premium	Portfolio	Scenario 3: Post-GST, 100% passthrough, with discretion, mix-accretive		
Per unit math						
Consumer price (Rs)	1.00	1.69		1.00	1.69	
Change versus pre-GST (%)	—	(15.6)		—	(15.6)	
Indirect taxes (Rs)	0.15	0.26		0.15	0.26	
Indirect tax (%)	18.0	18.0		18.0	18.0	
Company realization (Rs)	0.85	1.43		0.85	1.43	
Company P&L						
Volumes (units)	200	100	300	165	135	300
% of volumes	67	33		55	45	
Sales (Rs)	169	143	313	140	193	333
% of sales	54	46		42	58	
Cost/unit (Rs)	0.70	1.09	0.83	0.70	1.09	0.88
Total cost (Rs)	141	109	250.0	116	148	263.7
Operating profit (Rs)	28.9	33.6	62.5	23.8	45.4	69.2
Operating profit margin (%)	17.0	23.5	20.0	17.0	23.5	20.8
Indirect taxes (Rs)	31	26	56	25	35	60
Consumer spend (Rs)	200	169	369	165	228	393

Source: Kotak Institutional Equities

Exhibit 1: Negligible momentum effect in CPI inflation in September
Trend in momentum, base effect, and monthly change in CPI inflation (%)

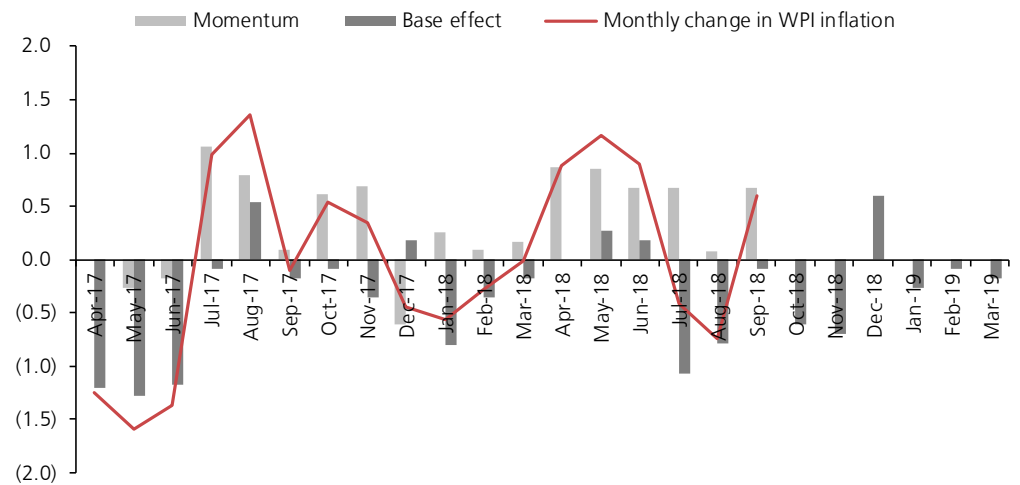


Notes:

(a) Momentum is mom growth while base effect is 12-m prior mom change with signs reversed.

Source: CEIC, Kotak Economics Research

Exhibit 2: Significant momentum gains in WPI inflation in September
Trend in momentum, base effect, and monthly change in WPI inflation (%)

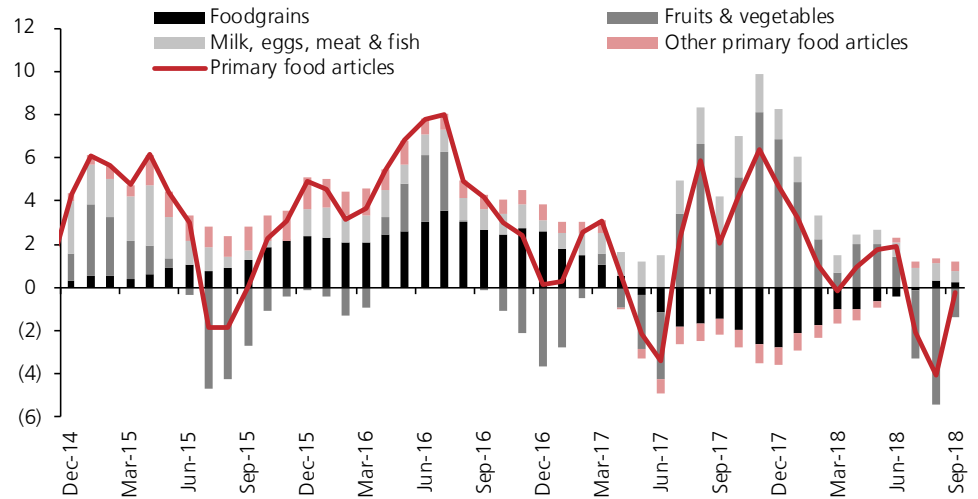


Notes:

(a) Momentum is mom growth while base effect is 12-m prior mom change with signs reversed.

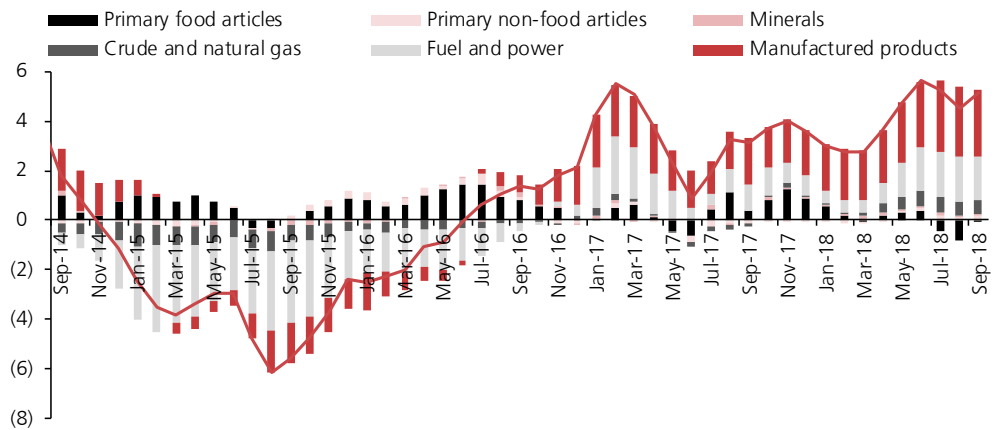
Source: CEIC, Kotak Economics Research

Exhibit 3: Monthly fruits prices' increase dampens the softening in food inflation
 Contribution of key food items to primary food inflation (%)



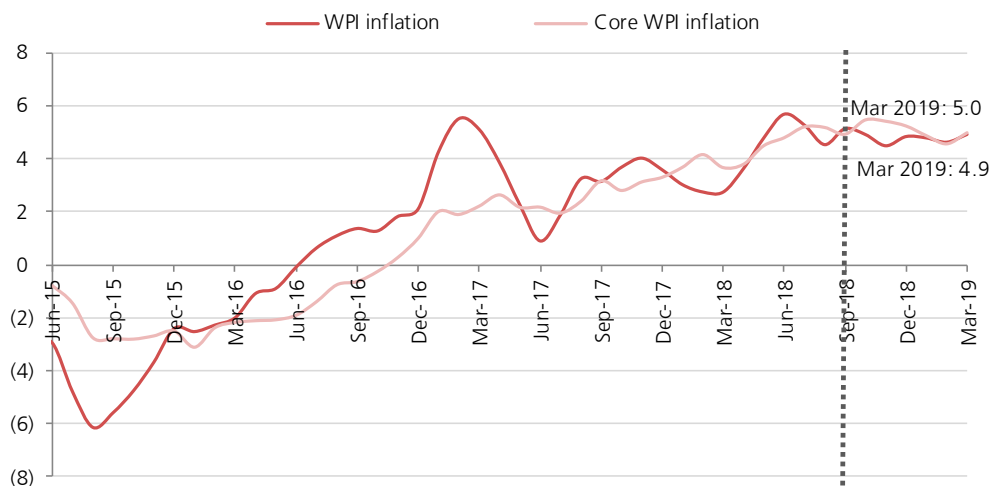
Source: CEIC, Kotak Economics Research

Exhibit 4: Energy inflation propping up WPI inflation along with manufactured products
 Contribution of key items to WPI inflation (%)



Source: CEIC, Kotak Economics Research

Exhibit 5: WPI inflation likely to remain at current levels over next few months
Trend in headline and core WPI inflation (%)



Source: CEIC, Kotak Economics Research estimates

September 2018: Results calendar

Mon	Tue	Wed	Thu	Fri	Sat	Sun
15-Oct	16-Oct	17-Oct	18-Oct	19-Oct	20-Oct	21-Oct
	Crisil	ACC		SBI Life Insurance	HDFC Bank	
	Federal Bank	DCB Bank		UltraTech Cement	ICICI Lombard	
	Hero Motocorp	Havells india				
	Infosys	Mindtree				
	J&K Bank	Mphasis				
	Mahindra CIE Automotive	Reliance Industries				
22-Oct	23-Oct	24-Oct	25-Oct	26-Oct	27-Oct	28-Oct
Asian Paints	Adani Port and SEZ	Bajaj Auto	Bharti Airtel	Bharat Electronics		
GlaxoSmithkline Pharmaceuticals	Ambuja Cements	Bajaj Holding & Investment	Biocon	Coromandel International		
Hindustan Zinc	Bajaj Corp.	Bharat Financial Inclusion	CEAT	Dr Reddy's Laboratories		
Jubilant Life Science	Bajaj Finance	Bharti Infratel	Crompton Greaves Consumer	ICICI Bank		
Kansai Nerolac	Bajaj Finserv	Hexaware Technologies	JSW Steel	ITC		
Oberoi Realty	HCL Technologies	IDFC Bank	Maruti Suzuki	PI Industries		
Schaeffler India	HDFC Standard Life	Jubilant Foodworks	Shriram City Union Finance			
	ICICI Prudential Life	Jyothy Laboratories	Yes Bank			
	Rallis India	Karur Vysya Bank				
	RBL Bank	Kotak Mahindra Bank				
	TVS Motor	L&T Finance Holdings				
		L&T Infotech				
		Mahindra & Mahindra Financial				
		SIS				
		SKF				
		Wipro				
29-Oct	30-Oct	31-Oct	1-Nov	2-Nov	3-Nov	4-Nov
Carborundum Universal	ABB	Canara Bank	Berger Paints	Aditya Birla Fashion	Endurance Technologies	
Century Textile	Bank of Baroda	Dabur India	Godrej Properties	Axis Bank		
Colgate-Palmolive (India)	Cholamandalam	Tata Motors	HDFC	Gillette India		
GRUH Finance	Container Corporation	United Spirits	Marico	Godrej Consumer Products		
Tata Power	Info Edge			IOCL		
	Pdillite Industries			Magma Fincorp		
	Prestige Estates Projects			P&G Hygiene		
	Tech Mahindra					
	The Ramco Cement					
	Torrent Power					
5-Nov	6-Nov	7-Nov	8-Nov	9-Nov	10-Nov	11-Nov
Cipla				Amara Raja Batteries		
Exide Industries				Titan Company		
PNB Housing Finance						
Timken						
WABCO India						
12-Nov	13-Nov	14-Nov	15-Nov	16-Nov	17-Nov	18-Nov
Shree Cement	Mahanagar Gas	Mahindra & Mahindra				
		Motherson Sumi Systems				

Source: NSE, Kotak Institutional Equities

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)		Upside (%)	Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)
		15-Oct-18	Target price (Rs)		(Rs bn)	(US\$ bn)		2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	
Automobiles																													
Amara Raja Batteries	REDUCE	763	780	2.2	130	1.8	171	32	37	43	17.1	15.9	14.5	23.6	20.4	17.8	12.6	10.7	9.3	3.8	3.3	2.9	17.4	17.5	17.4	0.6	0.7	0.8	6.3
Apollo Tyres	BUY	217	340	57.0	124	1.7	541	19	23	28	38.9	26.1	18.1	11.6	9.2	7.8	7.4	6.2	5.1	1.2	1.1	0.9	10.4	12.0	12.7	1.4	1.4	1.4	12.7
Ashok Leyland	BUY	117	160	36.7	344	4.6	2,926	6.2	8.9	9.4	15.3	43.2	6.1	18.9	13.2	12.4	9.6	6.9	6.5	4.1	3.4	2.9	23.4	28.4	25.4	1.6	2.3	2.4	46.1
Bajaj Auto	SELL	2,620	2,600	(0.8)	758	10.2	289	155	168	180	10.8	8.1	7.4	16.9	15.6	14.5	11.3	10.1	9.1	3.5	3.2	2.8	22.2	21.4	20.6	2.4	2.6	2.8	29.3
Balkrishna Industries	BUY	1,060	1,180	11.4	205	2.8	193	50	61	69	32.7	23.3	12.3	21.4	17.3	15.4	11.7	9.6	8.5	4.2	3.4	2.9	21.3	21.7	20.2	0.5	0.5	0.6	15.9
Bharat Forge	SELL	581	600	3.3	270	3.7	466	23	27	29	44.4	14.6	7.1	24.8	21.7	20.2	14.2	12.4	11.4	5.0	4.2	3.7	21.5	21.0	19.4	0.9	0.9	1.0	12.5
CEAT	ADD	1,110	1,500	35.1	45	0.6	40	99	108	116	53.7	8.3	7.9	11.2	10.3	9.6	7.5	6.5	5.9	1.5	1.3	1.2	14.4	13.8	13.2	0.9	0.9	1.0	12.4
Eicher Motors	SELL	23,435	21,500	(8.3)	639	8.6	27	981	1,124	1,251	23.7	14.6	11.3	23.9	20.9	18.7	17.0	14.8	12.7	8.6	6.6	5.2	41.8	35.8	30.8	0.1	0.1	—	28.8
Escorts	BUY	598	1,200	100.6	51	1.0	89	59	71	78	52.3	19.9	10.2	10.1	8.5	7.7	5.8	4.7	3.8	1.8	1.5	1.3	17.6	18.0	17.1	1.5	1.8	2.0	15.6
Exide Industries	SELL	263	235	(10.7)	224	3.0	850	10	11	13	25.3	11.0	11.6	25.6	23.1	20.7	14.6	13.0	11.6	3.8	3.4	3.1	15.4	15.5	15.7	1.1	1.3	1.5	8.4
Hero Motocorp	SELL	2,881	2,600	(9.8)	575	7.8	200	174	182	196	(6.1)	4.7	7.6	16.6	15.8	14.7	9.7	9.1	8.2	4.4	3.9	3.6	27.9	26.2	25.4	3.0	3.2	3.4	23.0
Mahindra CIE Automotive	ADD	265	290	9.2	101	1.4	378	14	16	17	45.0	12.7	10.4	19.1	16.9	15.3	9.5	8.4	7.5	2.4	2.1	1.8	13.2	13.1	12.7	—	—	—	2.4
Mahindra & Mahindra	BUY	749	1,125	50.2	931	12.6	1,138	45	54	56	18.8	19.0	4.2	16.6	14.0	13.4	10.7	8.9	8.3	2.5	2.2	1.9	15.8	16.6	15.4	1.2	1.4	1.5	34.9
Maruti Suzuki	ADD	7,182	9,200	28.1	2,170	29.3	302	298	362	408	16.7	21.2	12.9	24.1	19.9	17.6	13.1	10.3	8.7	4.5	3.9	3.4	20.1	21.1	20.5	1.0	1.3	1.4	87.7
Motherson Sumi Systems	SELL	251	280	11.6	528	7.1	2,105	11	14	16	40.2	21.5	13.8	21.9	18.0	15.8	8.9	7.4	6.4	4.6	3.9	3.3	22.5	23.2	22.3	1.1	1.3	1.4	16.2
MRF	REDUCE	62,500	69,000	10.4	265	3.6	4	3,425	3,932	4,411	28.3	14.8	12.2	18.3	15.9	14.2	8.5	7.3	6.2	2.4	2.1	1.8	13.9	13.9	13.7	0.1	0.1	0.1	8.2
Schaeffler India	BUY	5,275	6,000	13.7	88	1.2	17	156	199	233	9.0	27.3	17.6	33.8	26.6	22.6	20.5	15.6	13.0	4.6	4.1	3.6	14.5	16.4	17.0	0.6	0.8	0.9	0.7
SKF	ADD	1,670	1,800	7.8	86	1.2	51	69	82	97	19.7	18.5	18.2	24.2	20.4	17.3	15.4	12.7	10.4	4.0	3.5	3.0	16.7	17.1	17.4	0.7	0.8	1.0	0.4
Tata Motors	BUY	184	425	130.5	626	7.9	3,396	22	36	39	10.7	62.7	8.0	8.3	5.1	4.7	2.9	2.4	2.2	0.6	0.5	0.5	7.6	11.2	10.8	—	—	—	54.6
Timken	SELL	560	570	1.9	42	0.6	68	19	24	28	41.7	25.1	18.0	29.2	23.3	19.8	17.7	14.3	12.0	4.5	3.7	3.1	16.9	17.5	17.2	0.2	0.2	0.2	0.2
TVS Motor	SELL	529	350	(33.8)	251	3.4	475	15	17	20	8.4	15.1	15.6	35.0	30.4	26.3	19.1	16.7	14.6	7.5	6.5	5.6	23.1	22.9	22.9	0.9	1.0	1.1	15.7
Varrco Engineering	BUY	780	1,250	60.3	105	1.4	135	39	47	51	52.3	19.9	10.2	20.0	16.7	15.2	15.8	13.4	11.5	3.1	2.6	2.1	15.3	15.3	13.5	—	—	—	—
WABCO India	SELL	6,450	6,350	(1.5)	122	1.7	19	169	222	225	17.8	31.3	1.0	38.1	29.0	28.7	24.7	18.7	18.4	6.7	5.5	4.7	19.2	20.9	17.7	0.2	0.2	0.2	0.4
Automobiles	Neutral				8,680	117					17.4	25.0	9.7	18.8	15.0	13.7	8.3	6.9	6.2	2.8	2.4	2.1	14.8	16.2	15.6	1.1	1.2	1.3	432.6
Banks																													
Axis Bank	REDUCE	577	600	4.1	1,481	20.0	2,567	19	41	46	1,635.7	118.8	12.3	30.9	14.1	12.6	—	—	—	2.5	2.1	1.8	7.3	14.3	14.3	0.5	1.1	1.2	100.1
Bank of Baroda	ADD	97	130	—	258	3.5	2,652	21	26	29	323.7	26.4	12.1	4.7	3.8	3.4	—	—	—	0.8	0.6	0.5	12.7	14.0	13.7	—	—	—	44.0
Canara Bank	ADD	230	280	21.7	169	2.3	733	(5)	51	68	91.6	1,147.0	33.3	(47.5)	4.5	3.4	—	—	—	1.4	0.8	0.5	(1.0)	10.1	12.0	—	—	—	26.9
City Union Bank	ADD	167	185	10.9	122	1.6	665	9	11	12	5.8	13.3	16.7	17.7	15.6	13.4	—	—	—	2.8	2.4	2.1	15.5	15.6	16.0	1.0	1.1	1.3	2.1
DCB Bank	BUY	162	180	10.8	50	0.7	308	10	12	16	28.2	21.0	33.1	15.9	13.1	9.9	—	—	—	1.9	1.7	1.5	11.7	12.7	14.9	0.6	0.7	1.0	4.3
Equitas Holdings	BUY	126	160	26.9	43	0.6	340	4.4	8.4	11.4	378.4	89.9	35.6	28.4	15.0	11.0	—	—	—	1.8	1.6	1.4	6.4	11.2	13.4	—	—	—	5.3
Federal Bank	BUY	76	105	38.5	150	2.0	1,972	5.7	8.0	9.8	27.8	39.5	22.9	13.3	9.5	7.8	—	—	—	1.2	1.1	1.0	8.9	11.5	12.9	1.7	2.4	2.9	18.2
HDFC Bank	ADD	2,008	2,100	4.6	5,456	73.7	2,595	78	94	112	15.7	20.0	19.1	25.8	21.5	18.0	—	—	—	3.8	3.3	2.9	16.7	16.2	17.0	0.7	0.9	1.1	81.6
ICICI Bank	BUY	313	400	27.7	2,016	27.2	7,072	8	26	31	(17.6)	227.0	18.6	39.7	12.1	10.2	—	—	—	2.1	1.8	1.5	4.7	14.4	15.2	0.5	1.6	2.0	98.8
IDFC Bank	NR	36	—	—	123	1.7	3,404	1.2	2.9	4.3	(52.7)	146.7	44.8	30.2	12.3	8.5	—	—	—	0.8	0.8	0.7	2.6	6.3	8.6	0.7	1.6	2.4	6.7
IndusInd Bank	BUY	1,627	1,850	13.7	978	13.2	600	67	83	97	10.8	24.3	17.3	24.4	19.7	16.8	—	—	—	3.5	3.0	2.7	16.7	16.1	16.4	—	0.6	0.7	39.1
J&K Bank	BUY	41	100	144.2	23	0.3	557	7	11	15	82.4	63.8	33.5	6.2	3.8	2.8	—	—	—	0.5	0.5	0.4	5.9	9.1	11.2	3.2	5.3	7.1	0.3
Karur Vysya Bank	ADD	74	110	47.8	60	0.8	727	3	13	14	(32.3)	306.7	9.1	23.1	5.7	5.2	—	—	—	1.0	0.9	0.8	3.7	14.1	13.9	1.1	4.4	5.0	2.0
Punjab National Bank	ADD	68	80	18.4	186	2.5	2,761	(27)	12	18	40.4	145.3	46.9	(2.5)	5.6	3.8	—	—	—	3.4	1.1	0.7	(23.4)	10.7	13.8	—	—	—	41.9
RBL Bank	REDUCE	527	500	(5.2)	224	3.0	420	22	29	36	48.1	31.5	21.0	23.5	17.9	14.8	—	—	—	3.1	2.7	2.4	13.3	15.5	16.5	0.6	0.8	1.0	15.4
State Bank of India	BUY	263	370	40.5	2,349	31.7	8,925	8	37	53	204.8	380.5	42.7	34.3	7.1	5.0	—	—	—	1.7	1.3	1.0	3.1	13.6	16.7	—	0.2	0.2	108.8
Ujivan Financial Services	BUY	247	360	45.5	30	0.4	121	19	28	32	3,033.9	47.3	15.1	13.2	9.0	7.8	—	—	—	1.5	1.3	1.2	12.1	15.8	15.8	0.7	1.1	1.4	5.5
Union Bank	ADD	69	90	30.5	81	1.1	1,169	8	33	40	117.1	330.8	22.5	9.0	2.1	1.7	—												

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)		Upside (%)	Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)
		15-Oct-18	Target price (Rs)		(Rs bn)	(US\$ bn)		2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	
NBFCs																													
Bajaj Finance	SELL	2,306	2,000	(13.3)	1,333	18.0	575	68	90	114	56.6	31.9	27.3	33.9	25.7	20.2	—	—	—	6.9	5.6	4.5	22.4	24.0	24.6	0.3	0.4	0.5	89.1
Bajaj Finserv	REDUCE	5,637	6,100	8.2	897	12.1	159	245	307	376	39.7	25.2	22.5	23.0	18.4	15.0	—	—	—	3.6	3.1	2.6	17.5	18.1	18.6	0.2	0.2	0.2	23.0
Bharat Financial Inclusion	NA	1,008	—	—	141	1.9	139	43	54	69	31.1	27.2	25.8	23.5	18.5	14.7	—	—	—	3.8	3.1	2.5	17.9	18.5	19.0	—	—	—	11.7
Cholamandalam	ADD	1,194	1,425	19.4	187	2.5	156	74	92	113	19.4	23.8	23.1	16.1	13.0	10.5	—	—	—	3.2	2.7	2.2	20.6	21.3	21.7	0.7	0.9	1.1	7.9
HDFC	ADD	1,734	2,020	16.5	2,947	39.8	1,676	55	65	79	(27.3)	18.7	21.2	31.6	26.6	22.0	—	—	—	4.0	3.6	3.3	13.6	14.2	15.7	1.2	1.4	1.7	82.9
HDFC Standard Life Insurance	SELL	369	405	9.8	743	10.0	2,007	6	7	8	14.8	10.9	14.7	58.1	52.4	45.7	—	—	—	15.4	13.8	12.3	28.0	27.7	28.4	0.4	0.5	0.5	8.0
ICICI Lombard	SELL	779	620	(20.4)	354	4.8	454	26	32	37	37.1	21.5	18.5	29.9	24.6	20.8	—	—	—	6.5	5.5	4.6	23.8	24.2	24.0	0.8	0.9	1.1	6.1
ICICI Prudential Life	BUY	318	500	57.1	457	6.2	1,436	12	13	15	10.1	7.0	10.0	25.6	24.0	21.8	—	—	—	5.7	4.8	4.1	24.5	21.8	20.2	0.7	0.7	0.8	8.6
IIFL Holdings	SELL	440	625	42.0	140	1.9	319	38	45	52	31.5	18.6	16.0	11.7	9.9	8.5	—	—	—	2.1	1.8	1.6	20.5	20.0	20.0	1.8	2.2	2.5	2.1
L&T Finance Holdings	ADD	131	165	26.2	261	3.5	1,996	13	14	16	70.9	12.3	12.8	10.4	9.3	8.2	—	—	—	1.9	1.6	1.4	18.9	18.8	18.3	1.5	1.9	1.8	22.1
LIC Housing Finance	BUY	447	580	29.7	226	3.0	505	48	55	66	10.9	13.9	19.8	9.2	8.1	6.8	—	—	—	1.5	1.3	1.1	17.0	16.2	16.9	1.7	1.9	2.3	17.7
Magma Fincorp	BUY	110	165	50.3	30	0.4	237	13	17	21	34.0	31.8	23.0	8.4	6.4	5.2	—	—	—	1.1	0.9	0.8	13.9	15.8	17.0	1.8	2.3	2.9	1.0
Mahindra & Mahindra Financial	ADD	387	450	16.4	239	3.2	614	23	28	34	58.4	23.2	18.6	16.8	13.7	11.5	—	—	—	2.4	2.2	2.0	14.3	15.8	16.7	1.6	2.0	2.4	12.8
Max Financial Services	ADD	371	650	75.2	100	1.3	268	6	6	6	36.9	1.8	1.8	59.1	58.1	57.1	—	—	—	—	—	—	8.3	8.0	7.8	0.6	0.6	0.6	5.7
Muthoot Finance	ADD	401	480	19.7	160	2.2	400	40	42	48	(7.8)	6.0	14.8	10.1	9.5	8.3	—	—	—	1.8	1.6	1.4	19.0	17.6	17.8	2.3	2.4	2.8	7.8
PNB Housing Finance	REDUCE	930	1,200	29.0	156	2.1	167	62	75	92	25.3	20.9	22.4	14.9	12.3	10.1	—	—	—	2.2	1.9	1.6	15.2	15.9	17.0	0.4	0.4	0.4	4.3
SBI Life Insurance	ADD	539	785	45.7	539	7.3	1,000	15	18	21	26.0	22.9	17.0	37.1	30.2	25.8	—	—	—	7.0	5.9	4.9	20.6	21.3	20.9	0.4	0.5	0.6	3.2
Shriram City Union Finance	ADD	1,651	2,120	28.4	109	1.5	66	139	171	206	38.1	22.6	20.5	11.9	9.7	8.0	—	—	—	1.9	1.6	1.4	15.5	16.7	17.4	1.1	1.3	1.6	1.4
Shriram Transport	BUY	1,043	1,450	39.0	237	3.2	227	109	127	143	57.8	16.2	12.5	9.6	8.2	7.3	—	—	—	1.6	1.4	1.2	17.6	17.2	16.8	1.5	1.7	2.1	28.8
NBFCs	Neutral				9,254	125					13.2	19.5	19.6	23.9	20.0	16.7				3.8	3.3	2.9	15.9	16.5	17.1	0.8	1.0	1.1	759.6
Cement																													
ACC	SELL	1,523	1,270	(16.6)	286	3.9	188	62	70	81	27.0	13.8	15.2	24.6	21.6	18.8	13.6	11.7	9.9	2.8	2.6	2.3	11.9	12.5	13.1	1.1	1.1	1.1	17.0
Ambuja Cements	REDUCE	217	210	(3.2)	431	5.8	1,986	9	11	12	14.5	23.2	15.8	25.2	20.5	17.7	8.4	6.9	5.8	2.0	1.9	1.8	8.1	9.5	10.4	1.7	1.7	1.7	10.9
Dalmia Bharat	ADD	2,084	2,830	35.8	186	2.5	89	94	122	139	55.8	29.3	14.8	22.2	17.1	14.9	8.6	7.0	5.9	2.7	2.3	2.0	12.9	14.6	14.5	0.1	0.1	0.1	4.1
Grasim Industries	BUY	898	1,170	30.3	590	8.0	657	46	55	70	(2.5)	18.8	28.0	19.4	16.4	12.8	7.0	6.7	6.2	1.0	0.9	0.9	5.2	5.9	7.1	0.6	0.6	0.6	17.0
India Cements	REDUCE	96	118	23.2	30	0.4	308	4	8	12	28.0	102.6	41.3	22.9	11.3	8.0	8.0	6.2	5.2	0.6	0.5	0.5	2.5	4.8	6.5	1.0	1.0	1.0	10.0
J K Cement	ADD	700	890	27.1	49	0.7	70	45	79	78	3.7	75.4	(0.8)	15.6	8.9	9.0	9.6	7.9	6.4	2.2	1.8	1.5	15.0	22.3	18.5	1.1	1.1	1.1	0.4
JK Lakshmi Cement	ADD	268	370	38.2	31	0.4	118	11	28	37	153.5	147.9	30.5	23.6	9.5	7.3	8.8	5.7	4.6	2.0	1.7	1.4	8.9	19.5	21.0	0.7	0.7	0.7	0.4
Orient Cement	ADD	89	145	63.2	18	0.2	205	7	11	15	212.9	58.7	41.3	13.1	8.3	5.9	6.7	5.0	3.7	1.6	1.4	1.2	12.9	18.2	21.8	1.7	2.3	2.3	0.3
Shree Cement	SELL	15,184	12,500	(17.7)	529	7.1	35	421	630	760	6.0	49.7	20.6	36.1	24.1	20.0	16.6	12.4	10.0	5.2	4.4	3.6	15.4	19.7	19.8	0.3	0.3	0.3	5.8
UltraTech Cement	SELL	3,711	2,950	(20.5)	1,018	13.8	275	126	162	201	42.7	28.9	24.0	29.5	22.9	18.5	15.5	12.8	10.6	3.5	3.1	2.7	12.6	14.3	15.4	0.3	0.3	0.3	19.3
Cement	Cautious				3,169	43					19.5	30.3	21.8	25.6	19.7	16.1	10.0	8.5	7.4	2.1	2.0	1.8	8.4	10.0	11.0	0.6	0.6	0.6	85.3

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 shares	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo
		15-Oct-18	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	(US\$ mn)	
Consumer products																														
Asian Paints	REDUCE	1,250	1,200	(4.0)	1,199	16.2	959	27	33	39	32.1	20.3	18.3	46.1	38.3	32.4	28.9	23.9	20.2	12.4	10.9	9.5	28.8	30.3	31.3	1.0	1.2	1.5	23.7	
Bajaj Corp.	ADD	395	405	2.5	58	0.8	148	15	17	19	7.8	10.3	9.5	25.6	23.2	21.2	20.4	17.4	15.1	11.9	11.9	11.7	46.3	51.2	55.4	3.3	3.5	3.8	0.6	
Britannia Industries	ADD	5,672	5,875	3.6	681	9.2	120	104	127	152	24.5	22.2	19.2	54.5	44.6	37.4	35.6	29.1	24.3	15.9	12.8	10.5	32.5	31.8	30.9	0.6	0.8	1.0	15.9	
Coffee Day Enterprises	REDUCE	253	265	4.7	53	0.7	211	8	10	12	129.9	30.0	21.2	32.9	25.3	20.9	11.4	10.0	9.2	2.1	1.9	1.8	6.6	8.0	8.9	—	—	—	1.1	
Colgate-Palmolive (India)	ADD	1,097	1,120	2.1	298	4.0	272	27	32	36	14.7	15.6	15.5	40.2	34.8	30.1	23.0	20.0	17.3	17.5	15.2	13.4	46.0	46.9	47.3	1.5	1.7	2.1	7.5	
Dabur India	REDUCE	396	345	(13.0)	700	9.5	1,762	9	10	12	17.3	12.9	13.6	43.5	38.5	33.9	36.4	31.4	27.2	12.2	10.6	9.4	28.1	29.6	29.4	0.9	1.1	1.4	21.9	
GlaxoSmithKline Consumer	REDUCE	6,990	6,325	(9.5)	294	4.0	42	199	223	246	19.5	12.1	10.1	35.1	31.3	28.4	24.5	21.1	18.5	7.6	6.9	6.3	22.8	23.0	23.1	1.3	1.5	1.8	2.2	
Godrej Consumer Products	REDUCE	730	645	(11.6)	746	10.1	1,022	17	19	22	18.8	13.7	12.7	43.2	38.0	33.7	30.6	26.5	23.1	10.1	8.8	7.6	25.3	24.7	24.2	0.8	0.9	1.0	14.3	
Hindustan Unilever	REDUCE	1,526	1,430	(6.3)	3,304	44.6	2,160	29	34	38	18.9	16.0	13.0	52.3	45.1	39.9	36.9	31.7	28.0	40.9	34.2	28.9	83.2	82.6	78.6	1.4	1.6	1.8	38.4	
ITC	ADD	283	310	9.7	3,458	46.7	12,275	10	11	12	8.2	12.3	11.7	29.3	26.1	23.3	18.9	16.7	14.8	6.3	6.0	5.6	20.4	22.2	24.2	2.0	2.4	2.7	58.8	
Jubilant Foodworks	BUY	1,176	1,430	21.6	155	2.1	132	25	35	46	74.7	37.6	32.4	46.3	33.6	25.4	23.0	17.2	12.9	11.5	8.8	6.7	29.0	29.7	29.9	0.2	0.3	0.3	28.2	
Jyothy Laboratories	ADD	197	210	6.5	72	1.0	364	6	7	8	27.6	16.7	15.4	35.0	30.0	26.0	23.4	19.9	16.9	5.4	4.7	4.1	16.6	16.8	16.9	0.5	0.8	1.0	1.0	
Marico	ADD	315	310	(1.7)	407	5.5	1,291	7	8	9	8.9	20.0	14.5	46.2	38.5	33.6	32.0	26.4	22.8	15.1	14.1	13.0	33.7	37.9	40.2	1.5	1.7	2.0	10.9	
Nestle India	ADD	9,666	9,950	2.9	932	12.6	96	171	197	223	34.2	15.7	13.2	56.7	49.0	43.3	32.3	27.9	24.5	25.1	23.0	21.1	46.1	49.0	50.8	1.2	1.4	1.6	10.5	
Page Industries	SELL	28,637	22,300	(22.1)	319	4.3	11	418	508	607	34.3	22.1	19.5	68.5	56.4	47.2	44.2	36.5	30.4	29.0	23.0	18.4	47.8	45.5	43.4	0.6	0.8	0.9	18.8	
Pidlite Industries	REDUCE	988	960	(2.9)	502	6.8	508	21	26	31	16.8	21.8	20.2	46.9	38.5	32.0	31.1	25.6	21.3	11.9	10.0	8.3	27.4	28.2	28.4	0.7	0.8	1.0	8.4	
S H Kelkar and Company	BUY	196	240	22.4	28	0.4	145	7	10	12	(6.2)	41.9	23.2	28.3	19.9	16.2	18.3	13.1	11.4	3.1	2.7	2.4	11.3	14.5	16.0	0.9	1.0	1.4	0.5	
Tata Global Beverages	ADD	235	230	(2.1)	148	2.0	631	8	9	10	7.7	17.0	12.9	29.7	25.4	22.5	16.3	14.3	12.6	2.0	1.9	1.9	7.0	7.9	8.5	1.3	1.5	1.7	10.3	
Titan Company	REDUCE	807	760	(5.8)	717	9.7	888	16	20	23	25.6	21.8	19.3	50.3	41.3	34.6	33.3	26.6	21.8	11.9	10.0	8.4	25.6	26.3	26.4	0.6	0.7	0.9	40.5	
United Breweries	REDUCE	1,180	1,040	(11.8)	312	4.2	264	21	26	31	39.2	23.6	20.6	56.8	45.9	38.1	28.0	24.0	20.5	9.8	8.3	7.0	18.7	19.6	20.0	0.3	0.4	0.5	15.2	
United Spirits	REDUCE	533	470	(11.9)	387	5.2	727	10	13	17	34.7	30.9	24.5	52.0	39.7	31.9	30.4	24.5	20.6	10.6	7.8	6.0	24.2	22.7	21.3	—	—	0.5	12.0	
Varun Beverages	REDUCE	761	700	(8.0)	139	1.9	183	15	20	26	29.8	34.5	30.7	50.9	37.8	28.9	16.9	14.4	12.1	7.0	6.0	5.1	14.6	17.1	19.0	—	—	0.3	1.3	
Consumer products	Cautious				14,912	201					17.6	16.5	14.7	42.0	36.1	31.4	27.2	23.3	20.2	11.0	9.8	8.7	26.1	27.2	27.8	1.2	1.5	1.7	341.9	
Energy																														
BPCL	REDUCE	296	275	(7.2)	643	8.7	1,967	33	33	36	(19.2)	2.6	7.5	9.1	8.9	8.3	6.9	6.5	6.0	1.6	1.4	1.3	17.9	16.8	16.5	4.4	4.5	4.8	30.6	
Castrol India	SELL	144	155	7.9	142	1.9	989	7	8	9	2.9	10.1	9.7	20.3	18.5	16.8	12.6	11.4	10.3	13.3	13.0	12.6	67.1	71.5	76.0	3.8	4.3	4.7	3.7	
GAIL (India)	BUY	351	455	29.6	792	10.7	2,255	29	31	33	41.7	6.4	8.0	12.1	11.4	10.6	7.6	7.1	6.5	1.8	1.6	1.5	15.4	14.9	14.7	2.7	2.8	3.0	27.0	
GSPL	SELL	171	185	8.1	97	1.3	564	16	12	13	31.3	(25.1)	12.1	11.0	14.7	13.1	4.3	5.2	4.5	1.7	1.5	1.4	16.2	10.9	11.1	1.4	1.0	1.1	1.6	
HPCL	REDUCE	213	185	(12.9)	324	4.4	1,524	28	29	31	(32.3)	1.7	6.6	7.5	7.4	6.9	7.4	7.5	7.5	1.2	1.1	1.1	17.2	16.1	15.8	5.4	5.5	5.9	28.4	
Indraprastha Gas	SELL	241	240	(0.5)	169	2.3	700	12	13	15	16.4	12.3	10.7	20.1	17.9	16.2	12.6	11.0	9.7	4.1	3.6	3.2	22.1	21.5	20.9	1.0	1.3	1.7	9.9	
IOCL	REDUCE	135	120	(11.1)	1,312	17.7	9,479	16	15	17	(24.1)	(1.8)	12.3	8.7	8.8	7.9	5.1	4.9	4.4	1.1	1.0	1.0	12.9	11.9	12.6	4.6	4.5	5.1	20.4	
Mahanagar Gas	ADD	828	965	16.5	82	1.1	99	56	60	64	16.0	7.6	5.4	14.8	13.7	13.0	8.5	7.8	7.1	3.4	3.0	2.7	24.8	23.5	22.0	2.7	2.9	3.1	12.8	
ONGC	ADD	160	200	24.9	2,055	27.8	12,833	20	20	19	16.8	0.3	(5.9)	7.9	7.9	8.3	3.8	3.6	3.6	0.9	0.8	0.8	11.2	10.6	9.5	4.2	4.4	4.4	17.7	
Oil India	SELL	205	200	(2.4)	233	3.1	1,135	23	24	23	(6.7)	3.4	(2.5)	8.9	8.6	8.8	5.9	5.6	5.6	0.8	0.8	0.7	9.2	9.0	8.4	4.5	4.6	4.5	2.5	
Petronet LNG	BUY	215	280	30.0	323	4.4	1,500	16	18	20	16.7	13.1	9.4	13.3	11.7	10.7	8.9	7.5	6.6	2.9	2.6	2.3	23.3	23.2	22.7	2.6	3.4	4.2	10.5	
Reliance Industries	SELL	1,140	985	(13.6)	6,745	91.1	5,922	69	78	87	17.6	12.4	11.9	16.4	14.6	13.1	11.3	9.6	8.2	2.0	1.8	1.6	12.2	12.1	12.1	0.6	0.6	0.6	160.1	
Energy	Attractive				12,915	174					4.0	5.6	6.7	12.0	11.4	10.7	7.4	6.8	6.2	1.5	1.4	1.3	12.6	12.2	12.0	2.1	2.2	2.4	325.2	

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 shares (mn)	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)
		15-Oct-18	(Rs)	(%)	(Rs bn)	(US\$ bn)		2019E	2020E		2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	
Industrials																																
ABB	SELL	1,289	1,020	(20.9)	273	3.7	212	26	29	36	30.1	14.2	23.5	50.0	43.8	35.4	29.3	26.3	21.8	7.0	6.3	5.6	14.5	15.1	16.7	0.7	0.7	0.7	2.4			
BHEL	REDUCE	76	89	17.3	278	3.8	3,671	3.3	5.5	7.6	47.9	69.3	38.0	23.3	13.8	10.0	7.5	4.6	3.3	0.8	0.8	0.8	3.6	6.1	8.2	2.6	4.5	6.2	9.8			
Carborundum Universal	SELL	367	322	(12.2)	69	0.9	189	14	17	20	25.0	21.4	13.8	25.7	21.2	18.6	14.1	11.5	10.0	4.0	3.6	3.2	16.3	17.8	18.1	1.2	1.4	1.6	0.5			
CG Power and Industrial	BUY	41	62	51.1	26	0.3	627	1.4	3.6	5.7	71.6	157.3	57.0	29.2	11.3	7.2	7.4	5.4	4.2	1.0	0.9	0.9	3.3	8.4	12.5	—	—	—	4.2			
Cummins India	REDUCE	705	710	0.7	195	2.6	277	28	33	37	15.2	17.5	13.7	25.4	21.6	19.0	21.2	18.2	15.7	4.6	4.3	4.0	18.7	20.6	21.8	2.1	2.5	2.9	5.1			
Kalpitaru Power Transmission	BUY	313	560	79.1	48	0.6	153	23.9	32.7	41.3	23.4	36.6	26.4	13.1	9.6	7.6	6.3	5.0	4.2	1.6	1.4	1.2	13.0	15.5	16.9	0.5	0.5	0.5	0.6			
KEC International	BUY	278	410	47.6	71	1.0	257	21	27	33	16.9	29.7	23.0	13.3	10.2	8.3	7.6	6.2	5.3	2.9	2.3	1.9	24.1	25.2	24.9	0.8	1.1	1.3	2.7			
L&T	BUY	1,217	1,600	31.5	1,705	23.0	1,401	62.8	67.1	83.3	21.5	6.8	24.1	19.4	18.1	14.6	15.7	15.0	13.0	3.1	2.8	2.5	16.7	16.1	18.0	1.7	1.8	2.3	51.3			
Siemens	SELL	934	1,000	7.0	333	4.5	356	29	35	—	21.4	21.7	—	32.1	26.4	—	17.9	14.4	—	3.8	3.6	—	12.3	14.0	—	1.3	1.5	—	4.0			
Thermax	REDUCE	960	1,065	10.9	114	1.5	113	27.8	38.7	43.8	34.7	39.2	13.2	34.6	24.8	21.9	21.9	16.2	13.8	3.7	3.4	3.1	11.1	14.3	14.7	1.0	1.2	1.3	1.0			
Industrials	Neutral				3,114	42					23.8	17.8	15.7	22.4	19.0	16.4	14.9	13.1	11.0	2.6	2.4	2.4	11.8	12.9	14.7	1.6	1.9	2.2	81.7			
Infrastructure																																
Adani Ports and SEZ	BUY	321	460	43.2	665	9.0	2,071	19	23	29	1.2	21.1	29.8	17.2	14.2	10.9	12.0	9.9	8.6	2.7	2.3	1.9	17.0	17.7	19.4	0.6	0.6	0.6	16.1			
Ashoka Buildcon	BUY	116	220	89.8	33	0.4	282	9	10	10	4.1	17.8	(1.3)	13.2	11.2	11.4	8.7	7.4	6.8	1.5	1.3	1.2	11.8	12.3	11.0	1.4	1.1	1.1	0.6			
Container Corp.	SELL	605	635	4.9	295	4.0	487	21	25	29	17.4	20.9	15.0	29.2	24.2	21.0	17.9	14.2	11.6	2.9	2.7	2.5	10.3	11.6	12.3	1.4	1.7	1.6	5.3			
Dilip Buildcon	BUY	533	1,240	132.8	73	1.0	137	56	71	85	19.8	27.5	20.1	9.6	7.5	6.2	5.5	4.4	3.7	2.2	1.7	1.4	26.7	26.2	24.4	—	—	—	3.4			
Gateway Distriparks	BUY	161	250	55.1	18	0.2	109	7	8	11	(5.8)	15.2	37.5	22.5	19.5	14.2	10.4	8.6	7.1	3.0	2.6	2.2	9.8	14.5	17.1	—	1.9	1.9	0.2			
Gujarat Pipavav Port	BUY	104	150	44.0	50	0.7	483	5.3	6.5	7.8	29.7	22.9	19.3	19.5	15.9	13.3	10.3	8.4	7.0	2.4	2.4	2.3	12.7	15.3	17.8	4.3	5.2	6.1	0.6			
IRB Infrastructure	BUY	128	320	150.4	45	0.6	351	31	33	23	36.8	7.1	(31.3)	4.1	3.9	5.6	5.8	6.3	7.6	0.7	0.6	0.5	17.6	16.3	10.0	2.4	3.1	3.3	5.7			
Mahindra Logistics	REDUCE	547	565	3.3	39	0.5	71	15	21	25	50.7	39.3	23.7	37.0	26.6	21.5	20.6	14.9	11.8	7.7	6.2	5.0	22.7	25.8	25.8	—	—	—	0.4			
Sadbhav Engineering	BUY	236	370	56.6	41	0.5	172	17	22	22	31.7	27.9	2.9	13.9	10.9	10.6	10.4	8.1	6.9	1.9	1.6	1.4	14.5	16.2	14.5	—	—	—	1.3			
Infrastructure	Attractive				1,258	17					11.3	20.2	16.7	16.3	13.6	11.6	10.4	8.8	8.0	2.4	2.1	1.8	14.8	15.5	15.7	0.9	1.1	1.1	33.6			
Internet																																
Info Edge	ADD	1,526	1,425	(6.6)	186	2.5	122	26	33	40	14.9	27.5	20.6	59.0	46.3	38.4	44.9	34.0	27.6	7.0	6.3	5.7	13.2	14.3	15.6	0.5	0.5	0.7	3.0			
Just Dial	ADD	491	610	24.3	33	0.4	67	26	30	33	23.0	15.0	9.4	18.8	16.3	14.9	9.6	7.6	6.2	2.9	2.5	2.2	16.7	16.6	15.7	0.5	0.6	0.7	19.8			
Internet	Cautious				219	3					17.6	23.0	16.8	44.7	36.3	31.1	32.7	25.8	21.5	5.8	5.2	4.6	12.9	14.2	14.7	0.5	0.5	0.7	22.8			
Media																																
DB Corp.	REDUCE	189	270	42.8	35	0.5	184	20	23	26	14.9	12.3	14.8	9.3	8.3	7.2	4.9	4.3	—	1.9	1.8	—	20.7	22.3	25.2	8.9	11.1	13.4	0.5			
DishTV	ADD	55	90	65.1	100	1.4	1,925	1.8	3.4	4.9	514.6	88.2	42.6	NM	15.8	11.1	4.8	3.7	2.9	1.5	1.4	1.2	5.1	8.9	11.5	—	—	—	3.9			
Jaagran Prakashan	REDUCE	111	168	51.7	33	0.4	311	11	12	14	10.0	12.2	14.6	10.4	9.3	8.1	4.5	4.0	3.4	1.7	1.7	1.6	15.9	18.3	20.2	4.5	8.1	8.1	0.4			
PVR	BUY	1,308	1,430	9.3	61	0.8	47	38	50	61	41.2	32.3	22.4	34.5	26.1	21.3	13.3	11.3	9.6	5.0	4.3	3.6	15.3	17.6	18.3	0.3	0.4	0.5	11.8			
Sun TV Network	REDUCE	649	660	1.6	256	3.5	394	35	37	41	20.6	6.6	10.3	18.7	17.5	15.9	12.5	11.6	10.1	5.1	4.7	4.4	28.4	27.9	28.6	3.1	3.5	3.8	17.8			
Zee Entertainment Enterprises	REDUCE	473	430	(9.0)	454	6.1	960	17	20	22	11.4	17.1	12.6	28.2	24.1	21.4	16.6	14.6	12.8	5.3	4.7	4.1	19.9	20.6	20.5	1.0	1.2	1.5	20.8			
Media	Attractive				939	13					28.7	19.5	16.7	22.5	18.8	16.1	10.5	9.2	7.7	3.7	3.3	3.2	16.3	17.7	19.9	1.8	2.2	2.6	55.1			

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	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)
		15-Oct-18	Target price (Rs)		2019E	2020E		2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	
Metals & Mining																													
Coal India	ADD	276	320	16.1	1,711	23.1	6,207	25	25	27	120.4	2.2	6.6	11.1	10.8	10.2	8.4	7.1	6.6	6.8	7.5	8.0	62.7	65.9	76.0	7.3	9.1	9.1	14.8
Hindalco Industries	BUY	232	330	42.4	520	7.0	2,229	28	33	35	28.1	17.8	6.4	8.3	7.0	6.6	5.5	4.6	4.1	0.8	0.8	0.7	10.8	11.4	10.9	0.5	0.5	0.5	38.9
Hindustan Zinc	REDUCE	273	280	2.5	1,154	15.6	4,225	21	24	27	(3.8)	15.7	12.3	13.2	11.4	10.2	7.6	6.2	5.1	2.8	2.5	2.1	22.9	23.2	22.6	2.9	2.9	3.0	5.8
Jindal Steel and Power	REDUCE	178	215	20.5	172	2.3	968	8	14	22	195.9	68.5	60.8	21.9	13.0	8.1	6.5	5.9	5.0	0.6	0.5	0.5	2.7	4.3	6.5	—	—	—	36.4
JSW Steel	SELL	377	350	(7.1)	909	12.3	2,406	31	26	31	16.1	(16.2)	17.2	12.1	14.4	12.3	7.1	8.3	7.3	2.6	2.2	1.9	23.5	16.6	16.8	0.9	0.9	0.9	37.8
National Aluminium Co.	BUY	67	87	30.4	129	1.7	1,933	10	8	9	238.9	(16.0)	3.6	6.8	8.1	7.8	3.1	3.7	3.6	1.2	1.2	1.1	17.6	14.4	14.6	9.0	9.0	9.0	11.8
NMDC	REDUCE	113	120	5.8	357	4.8	3,164	12	10	11	4.2	(14.3)	5.9	9.3	10.8	10.2	5.7	6.6	6.1	1.4	1.3	1.2	15.3	12.4	12.5	4.8	4.8	4.8	6.6
Tata Steel	ADD	571	660	15.6	652	8.8	1,205	76	85	94	12.8	12.1	10.9	7.5	7	6.1	5.9	6.1	5.8	1.0	0.9	0.8	14.3	14.3	14.4	1.8	1.8	1.8	73.1
Vedanta	BUY	211	360	70.9	783	10.6	3,717	27	38	39	26.7	39.0	2.2	7.7	5.5	5.4	5.0	3.8	3.4	1.1	1.0	0.9	15.4	19.4	17.7	3.9	5.4	5.5	50.3
Metals & Mining	Attractive				6,388	86					35.8	10.0	9.1	10.0	9.1	8.3	6.3	5.7	5.2	1.7	1.6	1.4	17.3	17.5	17.3	3.8	4.4	4.4	275.4
Pharmaceutical																													
Apollo Hospitals	ADD	1,133	1,090	(3.8)	158	2.1	139	20	27	33	133.5	36.7	21.6	57.5	42.1	34.6	20.0	16.9	14.8	4.6	4.2	3.9	8.2	10.5	11.8	0.4	0.6	0.7	15.6
Aster DM Healthcare	BUY	164	240	46.6	83	1.1	505	5	8	12	74.4	62.0	51.4	34.1	21.0	13.9	12.3	9.7	7.5	2.7	2.4	2.1	8.3	12.2	16.3	—	—	—	0.2
Aurobindo Pharma	ADD	753	760	0.9	441	6.0	584	42	57	64	1.0	35.8	12.3	17.9	13.1	11.7	11.9	8.9	7.9	3.2	2.6	2.2	19.3	19.9	18.6	0.7	0.8	1.0	41.2
Biocon	SELL	626	330	(47.3)	376	5.1	601	8	15	18	35.9	75.7	21.7	74.4	42.3	34.8	32.4	21.6	18.4	6.2	5.6	5.0	8.7	13.9	14.3	0.5	0.8	1.0	23.9
Cipla	BUY	646	680	5.3	522	7.0	805	24	31	40	34.5	31.0	29.4	27.4	20.9	16.2	15.5	12.3	9.6	3.2	2.9	2.5	12.4	14.6	15.7	0.7	1.0	1.3	22.9
Dr Lal Pathlabs	REDUCE	961	900	(6.3)	80	1.1	83	24	29	34	19.0	17.9	18.4	39.5	33.5	28.3	24.2	20.3	16.6	8.5	7.1	6.0	23.4	23.1	22.9	0.5	0.6	0.7	1.2
Dr Reddy's Laboratories	REDUCE	2,567	2,150	(16.2)	426	5.8	166	89	118	141	50.2	32.8	19.3	28.9	21.8	18.3	14.6	10.4	8.7	3.1	2.7	2.4	11.1	12.6	13.3	0.5	0.7	0.8	34.4
HCG	BUY	218	270	23.7	19	0.3	85	2	4	7	28.8	87.5	73.4	108.4	57.8	33.3	16.7	13.9	10.9	3.5	3.3	3.0	3.3	5.9	9.4	—	—	—	0.2
Laurus Labs	ADD	409	500	22.2	43	0.6	106	16	29	34	2.4	79.9	17.5	25.2	14.0	11.9	11.8	8.2	7.2	2.6	2.2	1.9	10.9	17.1	15.6	—	—	—	0.6
Lupin	REDUCE	887	800	(9.8)	401	5.4	450	27	39	50	(28.9)	44.0	27.4	32.7	22.7	17.8	15.3	11.1	8.9	2.7	2.5	2.2	8.6	11.4	12.4	0.5	0.7	0.8	44.6
Narayana Hrudayalaya	ADD	222	265	19.4	45	0.6	204	3	6	9	23.0	103.2	40.7	71.8	35.3	25.1	20.6	14.4	11.5	4.1	3.7	3.2	5.9	11.0	13.7	—	—	—	0.2
Sun Pharmaceuticals	SELL	600	540	(10.0)	1,439	19.4	2,406	16	24	29	7.5	45.5	21.6	36.8	25.3	20.8	19.7	14.2	11.8	3.5	3.1	2.8	9.8	12.9	13.2	0.5	0.8	1.0	61.0
Torrent Pharmaceuticals	NR	1,611	—	—	273	3.7	169	47	61	81	18.0	29.6	32.1	34.1	26.3	19.9	14.9	12.8	10.5	5.2	4.5	3.8	15.3	17.2	19.3	0.7	0.9	1.2	7.8
Pharmaceuticals	Neutral				4,306	58					11.3	40.7	22.6	32.5	23.1	18.8	16.8	12.4	10.4	3.5	3.1	2.7	10.9	13.5	14.6	0.5	0.8	0.9	253.8
Real Estate																													
Brigade Enterprises	BUY	201	290	44.5	27	0.4	136	9	15	17	(17.0)	59.2	15.8	21.8	13.7	11.8	13.4	10.4	8.3	1.2	1.1	1.0	5.4	8.1	8.8	1.2	1.2	1.2	0.3
DLF	RS	157	—	—	280	3.8	1,784	5.3	23.9	14.1	(74.4)	354.6	(41.0)	29.8	6.6	11.1	45.4	8.0	14.9	0.8	0.7	0.7	2.6	11.3	6.2	1.3	1.3	1.3	21.9
Godrej Properties	SELL	517	400	(22.6)	119	1.6	216	12.9	15.1	18.2	(32.9)	16.3	20.8	39.9	34.3	28.4	665.8	190.4	101.9	4.1	3.7	2.7	10.9	11.4	10.1	—	—	—	1.9
Lemon Tree Hotels	ADD	69	76	9.6	55	0.7	786	—	1	2	147.2	174.0	66.8	155.4	56.7	34.0	34.8	21.2	15.8	6.4	5.8	5.4	4.2	10.7	16.3	—	—	1.3	—
Oberoi Realty	BUY	380	560	47.2	138	1.9	340	62	44	66	385.4	(28.0)	49.3	6.2	8.6	5.7	8.7	10.7	4.5	1.4	1.2	1.0	27.4	15.2	19.2	0.5	0.5	0.5	2.7
Prestige Estates Projects	ADD	184	315	71.5	69	0.9	375	10	10	11	(24.2)	8.4	—	19.3	17.8	17.2	12.5	12.5	12.4	1.4	1.3	—	7.3	7.5	7.3	0.8	0.8	0.8	0.8
Sobha	REDUCE	419	510	21.7	40	0.5	95	20	23	24	(7.5)	14.8	3.5	20.7	18.1	17.5	12.3	11.5	10.8	1.4	1.3	1.5	6.8	7.4	9.1	1.7	1.7	1.7	1.5
Sunteck Realty	REDUCE	364	360	(1.2)	53	0.7	140	19	19	39	22.4	1.6	106.6	19.5	19.2	9.3	16.9	16.4	7.0	1.8	1.6	1.4	9.5	8.9	16.2	0.3	0.3	0.3	1.9
Real Estate	Neutral				781	11					(22.8)	69.2	(6.9)	18.2	10.7	11.5	20.7	11.3	11.5	1.3	1.1	1.0	7.0	10.6	9.1	0.8	0.8	0.9	30.9

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)		Upside (%)	Mkt cap.		EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)	
		15-Oct-18	Target price (Rs)		(Rs bn)	(US\$ bn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E		
Technology																													
HCL Technologies	REDUCE	1,003	1,100	9.7	1,397	18.9	1,409	71	78	82	14.6	8.9	5.0	14.1	12.9	12.3	9.1	8.0	7.4	3.1	2.7	2.4	24.4	22.3	20.6	0.8	3.1	3.3	33.1
Hexaware Technologies	SELL	396	455	15.0	117	1.6	302	20	24	27	19.5	21.6	12.7	20.0	16.5	14.6	14.7	11.1	9.7	5.2	4.3	3.7	27.6	28.7	27.5	2.0	2.0	2.5	20.7
Infosys	ADD	699	770	10.1	3,053	41.2	4,350	36	41	45	12.8	13.3	8.9	19.2	16.9	15.5	13.1	11.4	10.2	4.3	3.9	3.5	23.4	24.2	23.7	3.1	2.8	3.0	89.3
L&T Infotech	ADD	1,803	2,100	16.5	312	4.2	175	83	96	113	30.5	15.6	18.1	21.7	18.8	15.9	16.4	13.2	11.2	6.6	5.3	4.3	33.5	31.3	30.0	1.3	1.4	1.7	10.0
Mindtree	ADD	981	1,225	24.9	161	2.2	165	45	57	65	29.5	27.0	14.5	21.9	17.3	15.1	13.8	10.8	9.3	5.0	4.2	3.6	24.7	26.6	25.8	1.4	1.7	2.0	25.4
Mphasis	SELL	1,085	900	(17.1)	210	2.8	193	53	60	63	21.9	12.1	4.7	20.3	18.1	17.3	14.9	12.6	11.7	4.0	3.6	3.3	18.9	21.0	20.0	1.8	2.3	2.8	7.5
TCS	REDUCE	1,950	1,950	0.0	7,315	98.8	3,752	85	95	103	25.6	11.6	8.9	23.0	20.6	18.9	16.4	14.6	13.5	7.2	6.8	6.4	33.8	33.7	34.8	1.7	3.4	3.7	76.9
Tech Mahindra	ADD	695	865	24.5	613	8.3	891	46	57	64	8.4	22.4	13.0	15.0	12.3	10.9	8.9	7.0	5.9	2.8	2.4	2.0	20.2	21.2	20.3	1.3	1.5	1.6	38.5
Wipro	REDUCE	320	325	1.6	1,447	19.6	4,507	19	23	25	12.8	19.5	7.5	16.7	14.0	13.0	10.8	9.0	8.3	2.6	2.4	2.2	16.5	17.6	17.4	0.5	3.1	3.4	21.0
Technology	Cautious				14,625	198					15.9	13.0	8.7	19.7	17.4	16.0	13.5	11.7	10.7	4.7	4.3	3.9	23.9	24.5	24.3	1.8	3.0	3.3	322.4
Telecom																													
Bharti Airtel	ADD	291	445	52.9	1,164	15.7	3,997	(6)	(4)	5	(221.5)	28.8	215.1	(50.6)	(71.1)	61.8	8.5	7.1	5.7	1.8	1.8	1.8	(3.4)	(2.5)	2.9	0.3	(0.3)	0.4	28.2
Bharti Infratel	REDUCE	269	285	6.1	497	6.7	1,850	13	12	13	(4.8)	(8.5)	7.7	20.5	22.4	20.8	7.6	8.0	7.6	3.1	3.1	3.0	14.6	13.7	14.6	3.9	3.6	3.9	10.0
IDEA	REDUCE	37	45	22.4	321	4.3	4,359	(17)	(17)	(15)	(75.6)	(2.4)	11.4	(2.2)	(2.1)	(2.4)	39.0	32.7	20.2	0.7	1.1	2.0	(29.7)	(41.1)	(59.4)	—	—	—	16.3
Tata Communications	ADD	514	660	28.4	146	2.0	285	0	3	7	(77.5)	694.2	123.5	1,387	174.7	78.2	10.5	9.2	8.3	(63.8)	(86.7)	(1,679.4)	7.8	(42.1)	(211.0)	1.3	1.5	1.5	2.9
Telecom	Cautious				2,128	29					(2,384.5)	5.0	68.0	(29.6)	(31.2)	(97.5)	10.2	9.0	7.4	2.0	2.2	2.4	(6.9)	(7.2)	(2.4)	1.2	0.7	1.1	57.3
Utilities																													
CESC	BUY	905	1,180	30.4	120	1.6	133	115	128	141	31.7	11.6	10.1	7.9	7.1	6.4	5.6	5.0	4.4	0.8	0.7	0.6	10.0	10.4	10.5	1.4	1.4	1.5	8.3
JSW Energy	REDUCE	64	70	9.0	105	1.4	1,640	5.1	6.5	6.6	65.9	26.8	2.9	12.6	9.9	9.7	5.5	4.6	4.1	0.9	0.8	0.7	7.2	8.5	8.0	—	—	—	1.2
NHPC	ADD	24	30	27.1	242	3.3	10,260	3.1	3.2	3.4	26.9	1.8	8.0	7.6	7.5	6.9	7.1	6.9	7.4	0.8	0.8	0.7	10.4	10.2	10.6	7.4	7.5	6.3	1.4
NTPC	BUY	165	190	15.5	1,358	18.3	8,245	15	16	18	18.8	4.4	16.5	11.0	10.6	9.1	8.9	8.2	6.9	1.2	1.1	1.1	11.6	11.3	12.2	2.7	2.8	3.3	10.7
Power Grid	BUY	188	250	32.9	984	13.3	5,232	19	21	23	19.3	13.6	7.6	10.0	8.8	8.2	7.2	6.6	6.3	1.6	1.5	1.3	17.1	17.5	17.0	3.3	3.8	4.1	13.4
Tata Power	BUY	71	90	26.3	193	2.6	2,705	6.0	7.0	10.9	12.7	15.6	57.0	11.8	10.2	6.5	10.6	10.1	8.8	1.1	1.0	0.9	10.1	10.6	14.6	—	—	—	5.1
Utilities	Attractive				3,002	41					21.1	8.8	14.1	10.3	9.4	8.3	7.9	7.3	6.6	1.2	1.1	1.0	11.9	12.0	12.5	3.0	3.2	3.4	40.2

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)		Upside (%)	Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo (US\$ mn)
		15-Oct-18	Target price (Rs)		(Rs bn)	(US\$ bn)		2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	
Others																													
Aditya Birla Fashion and Retail	BUY	191	220	15.4	147	2.0	773	2	4	6	50.6	59.1	53.5	83.1	52.2	34.0	24.3	19.0	15.4	11.6	9.5	7.4	15.0	20.0	24.5	—	—	—	5.2
Astral Poly Technk	SELL	944	640	(32.2)	113	1.5	120	19	25	29	30.2	28.8	16.1	49.5	38.4	33.1	26.6	21.1	17.9	8.7	7.2	6.0	19.8	20.5	19.7	0.1	0.1	0.1	1.0
Avenue Supermarts	SELL	1,330	890	(33.1)	830	11.2	624	16	20	26	29.8	27.3	27.9	82.7	64.9	50.8	47.9	37.2	29.2	14.6	11.9	9.7	19.4	20.2	21.0	—	—	—	—
Bayer Cropscience	REDUCE	4,321	4,100	(5.1)	148	2.0	34	106	130	154	20.5	23.1	18.3	41.0	33.3	28.1	26.0	21.1	17.6	7.2	6.2	5.3	18.9	20.0	20.3	0.5	0.6	0.7	0.6
Crompton Greaves Consumer	SELL	201	215	6.8	126	1.7	627	6	7	9	19.5	20.7	17.4	32.6	27.0	23.0	20.2	17.1	14.3	11.1	8.5	6.5	40.4	35.8	32.3	1.0	1.2	—	2.9
Dhanuka Agritech	ADD	411	650	58.2	20	0.3	49	27	31	34	3.9	15.4	10.8	15.4	13.3	12.0	11.0	9.0	7.7	2.8	2.4	2.1	19.2	19.2	18.5	1.4	1.6	1.8	0.2
Godrej Agrovet	ADD	521	640	23.0	100	1.4	189	15	19	23	28.9	28.8	21.1	35.1	27.2	22.5	19.1	14.9	12.4	5.1	4.4	3.7	15.7	17.4	17.9	—	0.6	0.7	0.9
Godrej Industries	RS	490	—	—	165	2.2	336	16	20	—	8.9	24.2	—	30.9	24.9	—	26.7	29.0	—	4.0	3.5	—	13.9	15.1	—	0.4	0.4	—	3.9
Havells India	SELL	600	485	(19.1)	375	5.1	625	14	17	20	26.6	20.5	17.6	42.8	35.5	30.2	27.3	22.2	18.6	8.8	7.7	6.7	22.0	23.2	23.9	0.8	1.0	1.2	15.1
InterGlobe Aviation	BUY	822	980	19.2	316	4.3	383	(11)	42	75	(118.1)	496.4	79.4	(77.5)	19.5	10.9	(45.0)	9.2	5.0	4.7	3.8	2.9	(5.9)	21.5	29.9	(0.1)	-	0.5	20.4
Kaveri Seed	SELL	510	515	1.1	34	0.5	66	34	34	37	7.3	0.1	8.3	14.8	14.8	13.7	12.0	11.3	10.0	3.6	3.1	2.7	26.4	22.4	21.0	1.6	2.0	2.0	5.3
PI Industries	BUY	780	875	12.2	108	1.5	138	31	40	48	17.9	26.8	21.5	24.9	19.6	16.2	17.7	13.8	11.2	4.7	3.9	3.2	20.5	21.7	21.9	0.5	0.6	0.7	2.2
Rallis India	ADD	189	220	16.3	37	0.5	195	10	12	13	17.2	19.4	9.7	18.7	15.7	14.3	12.3	10.4	9.1	2.8	2.5	2.3	15.8	17.1	16.9	1.9	2.1	2.3	0.7
SIS	REDUCE	928	1,130	21.7	68	0.9	73	33	40	48	48.5	21.1	17.8	27.9	23.0	19.5	17.4	14.5	12.1	5.5	4.6	3.8	21.8	21.7	21.1	0.3	0.4	0.5	0.4
SRF	BUY	1,762	2,200	24.8	101	1.4	57	100	132	150	23.8	32.2	14.1	17.7	13.4	11.7	10.5	8.4	7.1	2.5	2.2	1.9	15.0	17.3	17.0	0.8	0.8	0.9	11.3
Tata Chemicals	ADD	651	760	16.8	166	2.2	255	44	51	56	(15.3)	14.6	11.5	14.8	12.9	11.6	6.0	5.0	4.2	1.4	1.3	1.2	9.7	10.3	10.8	2.3	2.6	2.6	6.7
TCNS Clothing Co.	BUY	582	760	30.6	36	0.5	64	18	23	27	15.3	27.5	20.8	32.9	25.8	21.4	17.6	13.2	10.4	6.5	5.0	3.9	22.7	22.2	20.9	—	—	—	—
TeamLease Services	SELL	2,385	1,785	(25.2)	41	0.6	17	60	77	100	38.9	29.2	28.7	39.8	30.8	23.9	40.1	30.4	23.3	7.5	6.0	4.8	20.8	21.7	22.4	—	—	—	1.0
UPL	ADD	636	660	3.8	324	4.4	507	49	55	60	14.6	11.9	9.5	12.9	11.6	10.6	8.8	7.5	6.4	2.9	2.4	2.0	24.7	22.9	21.1	1.6	1.8	1.9	29.8
Vardhman Textiles	ADD	1,034	1,300	25.7	59	0.8	56	118	130	142	14.8	9.7	9.8	8.7	8.0	7.3	6.7	6.1	5.4	1.1	1.0	0.9	13.1	13.0	13.0	1.9	2.9	2.9	0.5
Volta	SELL	500	530	6.0	165	2.2	331	17	21	25	0.4	18.8	18.9	28.8	24.2	20.4	21.5	17.5	14.5	3.8	3.4	3.0	13.9	14.8	15.7	0.7	0.8	1.0	11.9
Whirlpool	SELL	1,450	1,350	(6.9)	184	2.5	127	37	46	56	33.9	24.7	20.2	39.2	31.4	26.1	23.7	18.7	15.3	8.5	7.1	6.0	23.7	24.5	24.8	0.5	0.6	1.1	1.7
Others																													
					3,663	49				(10.0)	39.2	18.2	33.9	24.3	20.6	19.9	14.6	11.3	4.9	4.2	3.8	14.4	17.2	18.3	0.6	0.7	0.8	121.5	
KIE universe					103,719	1,401				23.0	28.5	15.2	20.6	16.0	13.9	10.4	9.2	8.2	2.6	2.3	2.1	12.6	14.6	15.2	1.4	1.8	2.0		
KIE universe (ex-energy)					90,804	1,226				29.4	34.6	17.0	22.9	17.0	14.5	11.5	10.0	8.8	2.9	2.6	2.3	12.6	15.3	16.0	1.3	1.7	1.9		

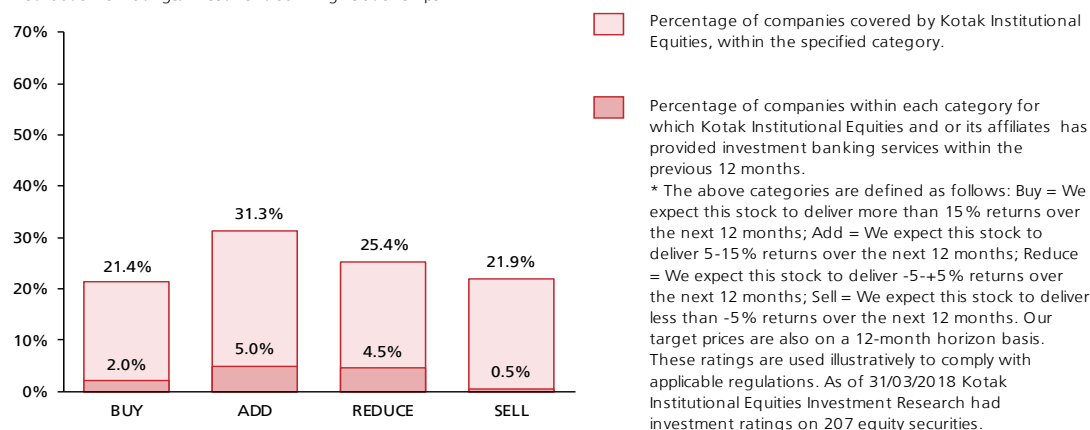
Notes:

- (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\$)= 74.03

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



Source: Kotak Institutional Equities

As of June 30, 2018

Ratings and other definitions/identifiers

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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-+5% returns over the next 12 months.

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

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