

### Contents

#### Special Reports

##### Theme Report

**Media:** Box office trends: new stars rising

- ▶ Box office drivers of 2018: new stars, Hollywood & regional, social media

#### Daily Alerts

##### Results

**Zee Entertainment Enterprises:** Status quo

- ▶ 3QFY19 - impressive performance overall, barring cash generation
- ▶ Updates on promoter stake sale and progress of ZEE5 platform
- ▶ Deal valuations and structure/arrangements hold the key to sustainable valuations

### EQUITY MARKETS

India	Change %			
	15-Jan	1-day	1-mo	3-mo
Sensex	36,318	1.3	1.0	3.3
Nifty	10,887	1.4	0.8	2.9
<b>Global/Regional indices</b>				
Dow Jones	24,066	0.7	(0.1)	(6.7)
Nasdaq Composite	7,024	1.7	1.6	(8.1)
FTSE	6,895	0.6	0.7	(2.3)
Nikkei	20,423	(0.6)	(4.5)	(9.4)
Hang Seng	26,830	2.0	2.8	5.4
KOSPI	2,097	0.0	1.3	(2.2)
<b>Value traded – India</b>				
Cash (NSE+BSE)	302		148	51
Derivatives (NSE)	5,044		4,806	6,350
Deri. open interest	3,550		3,421	3,531

#### Forex/money market

	Change, basis points			
	15-Jan	1-day	1-mo	3-mo
Rs/US\$	71.1	5	(51)	(222)
10yr govt bond, %	7.6	3	(3)	(56)

#### Net investment (US\$ mn)

	14-Jan	MTD	CYTD
FIs	(122)	2,039	(4,557)
MFs	117	1,035	17,081

#### Top movers

Best performers	Change, %			
	15-Jan	1-day	1-mo	3-mo
UNBK IN Equity	94	(0.1)	21.0	32.5
HDIL IN Equity	28	1.3	18.6	32.0
POWF IN Equity	108	1.4	19.4	31.4
BOI IN Equity	104	0.1	18.3	30.0
KKC IN Equity	878	2.7	8.6	24.9

#### Worst performers

SUNP IN Equity	452	0.4	7.6	(24.9)
SAIL IN Equity	51	1.0	(0.4)	(24.4)
AL IN Equity	94	0.1	(10.0)	(22.4)
JSTL IN Equity	292	2.9	(0.3)	(21.8)
CIPLA IN Equity	515	0.6	(1.3)	(19.5)

JANUARY 16, 2019

THEME

BSE-30: 36,318

**Box office trends: new stars rising.** Overall, 2018 BO performance was good and trends are encouraging. Key highlights (1) Bollywood BO growth was broad-based led by a new crop of stars, (2) impact of reviews was amplified by social media, (3) Hollywood and regional BO grew steadily and offer promise, (4) no visible impact of OTT on the BO collections so far, and (5) favorable risk-reward for movie producers thanks to the burgeoning digital revenue stream.

**Box office drivers of 2018: new stars, Hollywood & regional, social media**

- ▶ **Bollywood BO performance— ‘belly’ starts driving growth.** The key highlight of 2018 for Bollywood BO was the hefty contribution of the new crop of stars (Ranveer Singh, Ranbir Kapoor, Tiger Shroff, Ayushman Khurana, Rajkummar Rao and Alia Bhatt) that more than compensated for weak BO performance of the three Khans (Exhibit 4). Unlike in the past few years, growth in the net domestic box office collection (NBOC) of Bollywood (Hindi) films was led by the ‘belly’—top 25 movies grew 15% in CY2018, driven by movies #6-25 that grew 37% yoy, partly offset by an 8% decline reported by the top 5 movies (Exhibit 2). We do not have data to assess performance of the ‘tail’ (balance 200 Bollywood films). We estimate mid-to-high single digit footfall growth for the top 25 movies assuming a 5-6% increase in ticket prices. Overall, an impressive performance that could be a turning point.
- ▶ **Impact of social media.** Even as word of mouth has always influenced a film’s BO performance, social media has amplified its impact. Adverse reviews accelerate the fall in daily BO collections as witnessed in case of ‘Thugs of Hindostan’ (Exhibit 5). On the other hand, good reviews boost BO performance of movies as visible in case of ‘Simmba’ and several other movies this year. Besides reviews, BO collections for a movie depend on a number of other variables including release date, competition, popularity of trailer/songs, etc. Given this, it is difficult to accurately calculate the net impact of social media. As per our assessment, the net impact was balanced in CY2018 with adverse reviews impacting ‘Thugs of Hindostan’, ‘Race 3’ and ‘Zero’ and good reviews aiding ‘Simmba’, ‘Baaghi 2’, ‘Badhai Ho’, ‘Raazi’, ‘Stree’, ‘Andhadhun’ and ‘Sonu Ke Titu ki Sweeti (SKTKS)’.
- ▶ **Hollywood and regional BO remain bright spots.** The contribution of English and regional movies to PVR’s ticket sales (like-for-like excl. SPI cinemas) increased to ~42% in CY2018E from ~40% in CY2017. These genres are growing at a healthy pace for multiplexes. A dearth of regional and English BO data makes it difficult for us to analyze key trends. That said, a pick-up in regional BO led by multiplex penetration and a continued rise in the consumption of Hollywood movies are the two key trends that we expect to continue in the foreseeable future.
- ▶ **Impact of OTT on BO not yet discernible.** A key concern among investors globally is the potential impact of OTT on BO collections, eventually. The OTT effect (if any) would be seen in the BO collections of movies that are low on visual effects/production value. The underlying assumption is that consumers would prefer to watch movies that have good visual effects on cinema screens. By that logic, we should have seen weakness in box office performance of the ‘belly’ especially as Amazon Prime/Netflix were aggressively buying movies and marketing the same. Contrary to these expectations, we saw impressive BO performance of several low-budget/low-production value films this year (e.g. Badhai Ho, Raazi, Stree and SKTKS—all made it to Bollywood’s Rs1 bn club). It is too early to rule out risk to cinema hall footfalls from OTT, but the trend so far is encouraging and supports the view that well-made films with good scripts can continue to draw audience to theaters. Lack of outdoor entertainment options in India also work in favor of theaters.

Jaykumar Doshi

kspcg.research@kotak.com  
Contact: +91 22 6218 6427

- ▶ **A few good trends for film producers.** (1) The economics for film producers has improved at the margin, thanks to top dollar paid by Netflix/Amazon Prime for digital rights. We note that the price of digital rights of popular/urban-centric movies is comparable to that of satellite rights, (2) the success of Indian films in overseas markets (especially China) is another positive, and (3) the success of the Hindi versions of a few regional movies (2.0, KGF and Bahubali 2) over the past two years is a good sign and encourages the Indian film industry to produce more domestic crossover films (movies that cut across states/regions). Please refer to exhibit 6 to understand economics of Thugs of Hindostan.

### **OTT bears close watching: Netflix's 'Bird Box' creates a new record**

Last month, Netflix announced that its original film 'Bird Box' was watched by 45 mn accounts in the first week, creating a new record for the streaming platform. Further, it clarified that its estimation was conservative: (1) only accounts that watched over 70% of the total run time of the film, and (2) each 'account' was counted once, even if it included multiple views or viewers. To put it in perspective, a third of Netflix subscriber base of 137 mn (Sep-18) watched Bird Box in the first week.

Even as the comparison of OTT viewers and cinema footfalls is not like-for-like, we compare 'Bird Box' (BB) with 'Avengers: Infinity war' (AIW), one of the most successful films in the history of Hollywood. AIW garnered gross box office collection of about US\$720 mn in the first week. If we assume average ticket price of US\$8-9, it translates into 80-90 mn footfalls. In our view, BB could have been watched by 55-60 mn people (assuming multiple views for some accounts). Clearly, BB numbers reported by Netflix are staggering, especially when viewed in context of a relatively modest movie budget of US\$20 mn (as per Google) and mediocre ratings (IMDB 6.7, Rotten tomatoes 64% and Metacritic 51%).

We would keep a close eye on evolving trends in OTT in developed markets even as we believe the dynamics are different in India (where cinema halls benefit from a lack of outdoor entertainment options, under-penetration and a penchant for films). We note that Netflix recently allowed exclusive theatrical release of its select original films with a shorter theatrical window (pre-streaming rights were awarded to select theaters in the US with a theatrical window of three weeks i.e. a gap of three weeks between release in theaters and on the Netflix platform as against the 60-90 day window for movies of all other studios). This trend needs to be tracked as additional supply of movies (Netflix original films earlier not available for theatrical release) could turn out to be an opportunity for theaters.

**Exhibit 1: Balanced growth across the two buckets (top 5 and top 6-25 movies) during CY2007-12**  
Domestic Net Box Office collections (NBOC) of the top 25 Bollywood movies, calendar year-ends, 2007-12 (Rs mn)

Movie	2007		2008		2009		2010		2011		2012		2007-12 CAGR (%)
	NBOC (Rs mn)	Movie	NBOC (Rs mn)	Movie	NBOC (Rs mn)	Movie	NBOC (Rs mn)	Movie	NBOC (Rs mn)	Movie	NBOC (Rs mn)	Movie	
<b>Top-5 movies</b>													
1 Om Shanti Om	782	Ghajini	1,141	3 Idiots	2,030	Dabangg	1,388	Bodyguard	1,489	Ek Tha Tiger	1,850		18.8
2 Welcome	702	Rab Ne Bana Di Jodi	847	Love Aaj Kal	670	Golmaal 3	1,063	Ready	1,198	Dabangg 2	1,508		
3 Chak De India	665	Singh Is King	679	Wanted	603	Raajneeti	937	Don 2	1,067	Rowdy Rathore	1,330		
4 Taare Zameen Par	618	Race	608	Ajab Prem Ki Ghazab	630	My Name Is Khan	825	Ra.One	1,143	Agneepath	1,226		
5 Partner	600	Jodhaa Akbar	560	De Dana Dan	480	Housefull	756	Singham	1,003	Jab Tak Hai Jaan	1,215		
<b>Total top-5 movies</b>	<b>3,367</b>		<b>3,836</b>		<b>4,413</b>		<b>4,969</b>		<b>5,900</b>		<b>7,129</b>		<b>16.2</b>
<b>Top 6-25 movies</b>													
6 Bhoor Bhulaiyaa	491	Jaane Tu... Ya Jaane Na	556	Kambakkht Ishq	475	Tees Maar Khan	609	Zindagi Na Milegi Doba	903	Housefull 2	1,090		
7 Heyy Babyy	471	Golmaal Returns	511	New York	460	Once Upon A Time In Mu	555	The Dirty Picture	800	Barfi	1,060		
8 Guru	455	Dostana	444	Kaminey	419	Kites	493	Rockstar	620	Son Of Sardaar	1,051		
9 Ta Ra Rum Pum	384	Bachna Ae Haseeno	362	All The Best	418	I Hate Luv Storys	432	Mere Brother Ki Dulhan	587	Bol Bachchan	1,002		
10 Namaste London	373	Sarkar Raj	343	Blue	385	Atithi Tum Kab Jaoge?	411	Yamla Pagla Deewana	553	Talaash	907		
11 Dhamaal	325	Jannat	301	Paa	313	Anjaana Anjaani	403	Delhi Belly	520	Oh My God!	820		
12 Jab We Met	311	Tashan	294	Delhi 6	307	Khatta Meetha	386	Murder 2	479	Cocktail	760		
13 Shootout At Lokhandwala	297	Fashion	265	Chandni Chowk To Cl	295	Badmaash Company	354	Thank You	466	Raaz 3	711		
14 Jhoom Barabar Jhoom	273	Rock On	253	Wake Up Sid	280	Peepli [Live]	304	Double Dhamal	439	Khiladi 786	700		
15 Salaam-E-Ishq	227	Bhootnath	239	London Dreams	257	Guzaarish	293	Desi Boyz	424	Student Of The Yr	690		
16 Apne	221	Kismet Konnection	228	Raaz	255	Raavan	292	Aarakshan	400	Kahaani	536		
17 Saawariya	209	Mere Baap Pehle Aap	227	Kurbaan	233	Action Replay	291	Tanu Weds Manu	368	Kya Super Cool Hain	451		
18 Eklavya - The Royal Guard	189	Thoda Pyaar Thoda Mag	217	Dil Bole Hadippa	233	Ishqiya	286	Ladies Vs Ricky Bahl	330	Jannat 2	441		
19 Cash	186	U Me Aur Hum	210	Billu	229	Prince	285	Rascals	326	Ishaqzaade	441		
20 Fool N Final	178	Kidnap	205	Luck	210	No Problem	280	Dum Maaro Dum	317	Agent Vinod	433		
21 Laaga Chunari Mein Daag	175	Sunday	203	Life Partner	207	Karthik Calling Karthik	269	Patiala House	312	Ek Main Aur Ekk Tu	397		
22 Cheeni Kum	173	Krazzy 4	196	Rocket Singh	201	Robot	238	Mausam	298	Vicky Donor	371		
23 Dhol	161	One Two Three	171	Do Knot Disturb	169	Lafangey Parindey	218	Dil Toh Baccha Hai Ji	289	Heroine	364		
24 Life In A Metro	158	Yuuvraj	169	8 X 10 Tasveer	153	We Are Family	216	Force	273	English Vinglish	350		
25 Aaja Nachle	141	Halla Bol	127	Dev D	153	Paathshaala	216	Haunted - 3D	256	Jism 2	306		
<b>Total top 6-25 movies</b>	<b>5,399</b>		<b>5,521</b>		<b>5,653</b>		<b>6,831</b>		<b>8,959</b>		<b>12,882</b>		<b>19.0</b>
<b>Total top 25 movies</b>	<b>8,765</b>		<b>9,357</b>		<b>10,066</b>		<b>11,800</b>		<b>14,859</b>		<b>20,011</b>		<b>18.0</b>

Source: Box office data, Kotak Institutional Equities estimates

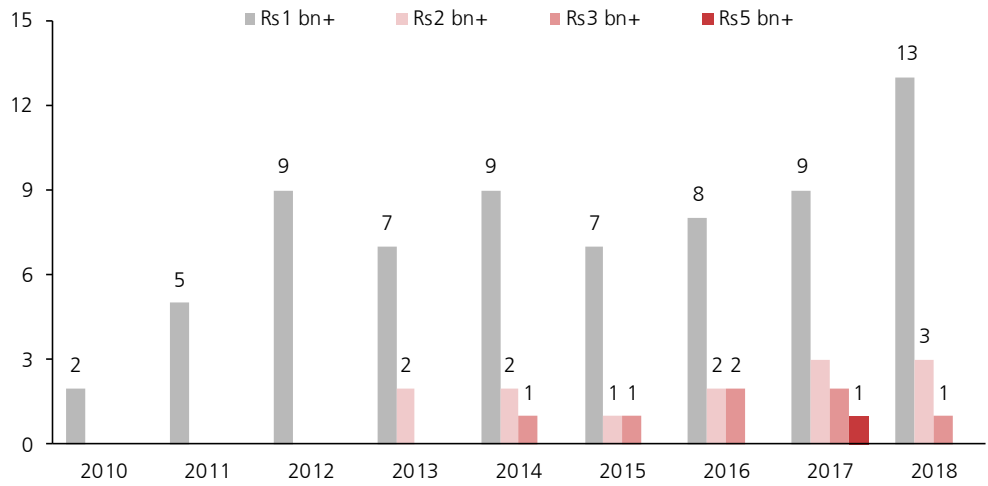
**Exhibit 2: Top 6-25 film bucket grows 37% yoy to Rs17.7 bn in 2018; solid growth after a few stagnant years**  
Domestic Net Box Office collections (NBOC) of the top 25 Bollywood movies, Calendar year-ends, 2013-18 (Rs mn)

Movie	2013		2014		2015		2016		2017		2018		2013-18 CAGR (%)	2018/2017 YoY (%)
	NBOC (Rs mn)	Movie	NBOC (Rs mn)	Movie	NBOC (Rs mn)	Movie	NBOC (Rs mn)	Movie	NBOC (Rs mn)	Movie	NBOC (Rs mn)	Movie		
<b>Top-5 movies</b>														
1 Dhoom 3	2,615	PK	3,244	Bajrangi Bhaijaan	3,165	Dangal	3,730	Baahubali 2	5,064	Sanju	3,292		4.7	
2 Chennai Express	2,184	Kick	2,150	Prem Ratan Dhan Pay	1,880	Sultan	3,001	Tiger Zinda Hain	3,280	Padmaavat	2,823			
3 Krish 3	1,985	Happy New Year	1,900	Bajirao Mastani	1,710	Rustom	1,220	Golmaal Again	2,045	Simmba	2,450			
4 Yeh Jawaani Hai Deewani	1,850	Bang Bang	1,485	Tanu Weds Manu Reti	1,510	Airlift	1,210	Toilet: Ek Prem Katha	1,350	2.0 (Hindi version)	1,792			
5 Bhaag Milkha Bhaag	1,080	Singham Returns	1,400	Dilwale	1,439	MS Dhoni	1,202	Judwaa 2	1,333	Race 3	1,676			
<b>Total top-5 movies</b>	<b>9,714</b>		<b>10,179</b>		<b>9,704</b>		<b>10,363</b>		<b>13,072</b>		<b>12,033</b>		<b>4.4</b>	<b>(7.9)</b>
<b>Top 6-25 movies</b>														
6 Ram-Leela	1,054	Holiday - A Soldier Is Ne	1,100	Bahubali 1 (Hindi)	1,103	Ae Dil Hai Mushkil	1,115	Raees	1,311	Baaghi 2	1,582			
7 Grand Masti	938	Jai Ho	1,080	ABCD 2	1,043	Housefull 3	1,071	Tubelight	1,170	Thugs of Hindostan	1,320			
8 Aashiqui 2	780	2 States	1,018	Welcome Back	940	Shivaay	1,003	Badrinath Ki Dulhania	1,135	Badhai Ho	1,294			
9 Special 26	668	Ek Villain	978	Baby	790	Fan	835	Jolly LLB 2	1,069	Raazi	1,205			
10 Race 2	963	Humpty Sharma Ki Dulh	751	Brothers	788	Baaghi	745	Kaabil	926	Stree	1,190			
11 Satyagraha	620	Gunday	729	Gabbar Is Back	787	Kapoor & Sons	711	Fukrey returns	746	Sonu Ke Titu Ki Swee	1,050			
12 Raanjhanaa	589	Entertainment	630	Piku	777	Neerja	699	Baadshaho	665	Raid	1,019			
13 R... Rajkumar	581	Action Jackson	577	Drishyam	765	Dear Zindagi	672	Hindi Medium	634	Gold	1,010			
14 Once Upon A Time In Mum	556	Queen	570	Dil Dhadakne Do	758	Dishoom	646	Secret Superstar	596	Zero	900			
15 Besharam	540	Mary Kom	560	Singh Is Bliing	742	Pink	638	Jab Harry Met Sejal	577	Veere Di Wedding	859			
16 Boss	530	Humshakals	555	Tamasha	672	Udta Punjab	591	Half Girlfriend	557	Padman	813			
17 Kai Po Che	484	Haider	500	Phantom	500	Befikre	578	Mubarakan	531	Sui Dhaaga	800			
18 Himmatwala	474	Ragini Mms 2	459	Hate Story 3	442	Mohenjo Daro	537	Jagga Jasoos	506	Satyameva Jayate	765			
19 Shuddh Desi Romance	468	Yaariyan	369	Kis Kisko Pyaar Karoo	432	Ki & Ka	508	Shubh Mangal Saavdha	419	Dhadak	716			
20 Madras Cafe	417	Bhootnath Returns	355	Roy	406	Wazir	377	Sachin: A Billion Dream	408	Anhdhadhun	679			
21 Chashme Baddoor	417	Hasee Toh Phasee	352	Shaandaar	377	A Flying Jatt	354	Tumhari Sulu	342	Kedarnath	639			
22 Matru Ki Bijlee Ka Mandola	381	Mardaani	350	Tevar	372	Ghayaal Once Again	353	Bareilly Ki Barfi	340	Parmanu - The Story	625			
23 Bullet Raja	370	Finding Fanny	276	Hamari Adhuri Kahani	323	Azhar	325	Naam Shabana	340	102 Not Out	466			
24 Phata Poster Nikhla Hero	365	Khoobsurat	247	Talvar	300	Kahaani 2	313	Mom	337	Hichki	425			
25 ABCD - Any Body Can Danc	351	Raja Natwarlal	234	NH10	292	Force 2	313	Munna Michael	310	October	369			
<b>Total top 6-25 movies</b>	<b>11,546</b>		<b>11,690</b>		<b>12,610</b>		<b>12,384</b>		<b>12,920</b>		<b>17,726</b>		<b>9.0</b>	<b>37.2</b>
<b>Total top 25 movies</b>	<b>21,260</b>		<b>21,869</b>		<b>22,314</b>		<b>22,747</b>		<b>25,992</b>		<b>29,759</b>		<b>7.0</b>	<b>14.5</b>

Source: Box office data, Kotak Institutional Equities estimates

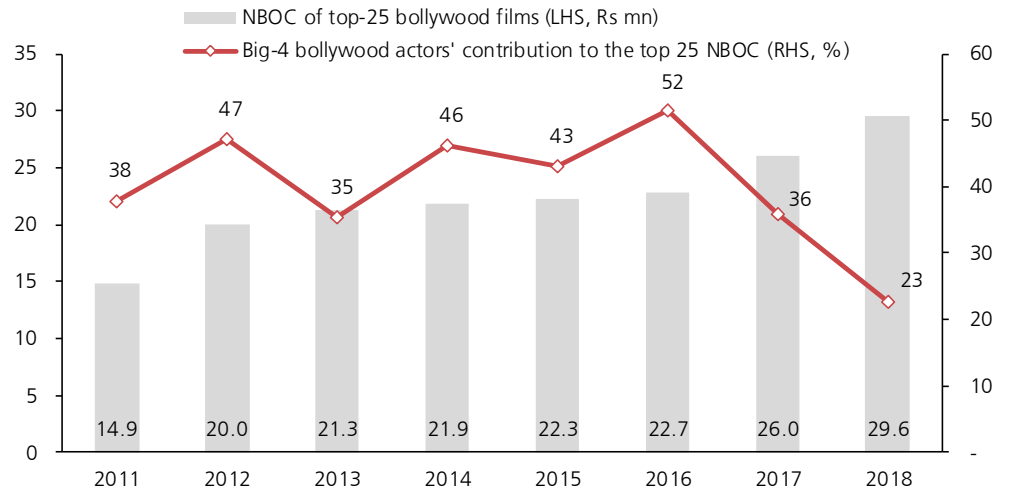
**Exhibit 3: More Hindi films made over Rs1 bn at the BO CY2018**

Number of Hindi movies with NBOC of Rs1 bn+, Rs2 bn+, Rs3 bn+ and Rs5 bn+, Calendar year-ends



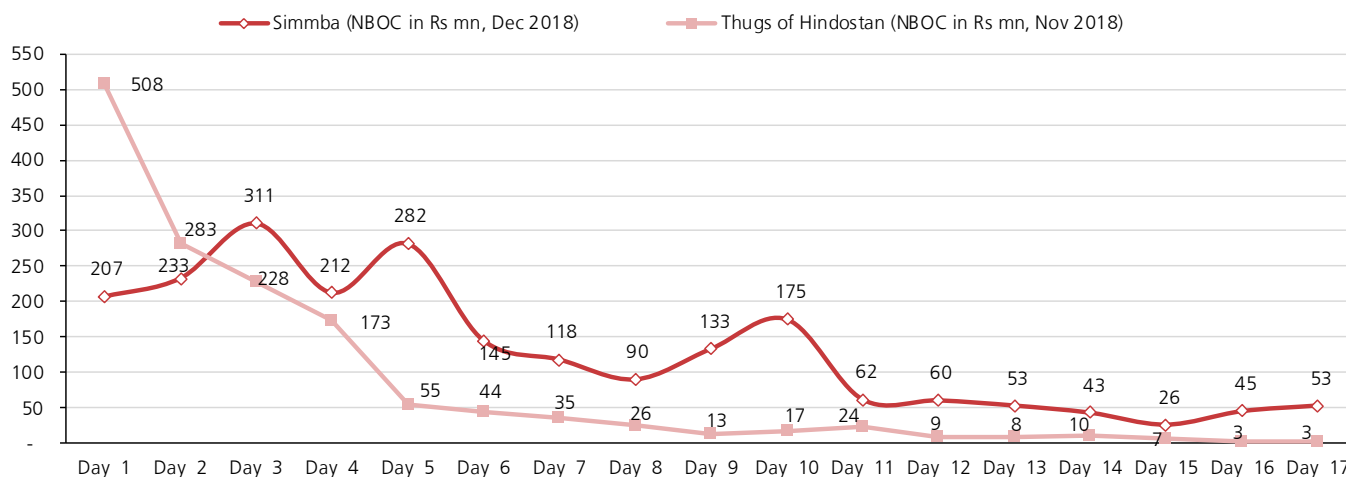
Source: Box office data, Kotak Institutional Equities

**Exhibit 4: Contribution of the big-4 Bollywood stars (Salman Khan, Aamir Khan, Shahrukh Khan and Akshay Kumar) dropped to 23% of top-25 movies' NBOC from 45-50% earlier.**



Source: Box office data, Kotak Institutional Equities

Exhibit 5: Negative reviews amplified by social media drive down BO collections for 'Thugs of Hindostan'; Good reviews aid Simmba's BO collections



Source: Box Office data, Kotak Institutional Equities

Exhibit 6: Thugs of Hindostan has potentially made 55% return on original investment despite disappointing BO performance thanks to pre-sale of digital/theatrical rights and overseas rights  
Understanding the economics of Thugs of Hindostan

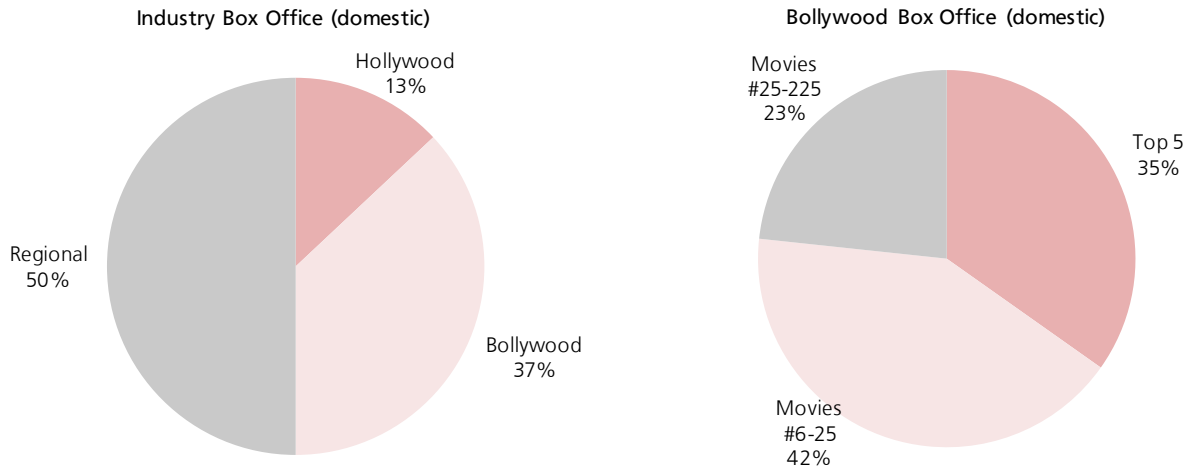
	(Rs mn)
Production cost	2,200
Cost Of Prints/Marketing	200
<b>Total cost</b>	<b>2,400</b>
Domestic NBOC (lifetime estimate)	1,512
Distributor's share (A)	760
Overseas NBOC (Ex-China)	628
Distributor's share (B)	300
Minimum Guarantee for China market (C)	1,100
Satellite Rights and Digital (D)	1,400
Music rights and home video (E)	100
Ancillary revenues (F)	50
<b>Total revenues</b>	<b>3,710</b>
<b>Operating profit</b>	<b>1,310</b>

Notes:

(1) Actual data is not available. Above working is as per trade channel estimates.

Source: Company, Kotak Institutional Equities

Exhibit 7: Split of domestic Box Office revenues, Calendar year-end, 2016



Source: Industry reports, Kotak Institutional Equities estimates

Exhibit 8: About 50% of Hollywood's top 20 movies in any year do not receive much traction in India; it presents an opportunity (especially animation genre is yet to gain traction in India)

Box office performance of top 20 Hollywood movies in India, Calendar year-ends, 2014-18

Movie	2014		2015		2016		2017		2018					
	W. GBOC (US\$ mn)	India	Movie	W. GBOC (US\$ mn)	India	Movie	W. GBOC (US\$ mn)	India	Movie	W. GBOC (US\$ mn)	India			
<b>Top 20 movies</b>														
1 Transformers: Age of Ext	1,104	✓✓	Star Wars: The Force Aw	2,068	✓	Captain America: Civil W	1,153	✓✓✓	Star Wars: The Last Jedi	1,333	*	Avengers: Infinity War	2,049	✓✓✓✓✓
2 The Hobbit: The Battle o	956	*	Jurassic World	1,672	✓✓✓✓	Rogue One: A Star Wars	1,056	*	Beauty and the Beast	1,263	✓	Black Panther	1,347	✓✓✓
3 Guardians of the Galaxy	773	✓	Fast & Furious 7	1,516	✓✓✓✓✓	Finding Dory	1,029	✓	Fast & Furious 8	1,239	✓✓✓✓	Jurassic World: Fallen Kir	1,309	✓✓✓
4 Maleficent	759	*	Avengers: Age of Ultron	1,405	✓✓✓✓	Zootopia	1,024	✓	Despicable Me 3	1,001	✓	Incredibles 2	1,243	✓✓
5 The Hunger Games: Moc	755	*	Minions	1,159	✓	The Jungle Book (2016)	967	✓✓✓✓✓	Jumanji: Welcome to the	957	✓✓✓	Aquaman	1,100	✓✓✓
6 X-Men: Days of Future P.	748	✓✓	Spectre	881	✓✓	The Secret Life of Pets	876	*	Spider-Man: Homecomin	880	✓✓✓	Venom	856	✓✓✓
7 Captain America: The W	714	✓	Inside Out	858	*	Batman v Superman: Dav	873	✓✓	Wolf Warrior 2	870	*	Mission Impossible: Falk	791	✓✓✓✓
8 Dawn of the Planet of th	711	✓	Mission: Impossible - Ro	683	✓✓✓	Fantastic Beasts and Wh	814	*	Guardians of the Galaxy	863	✓	Deadpool 2	743	✓✓✓
9 The Amazing Spider-Mar	709	✓✓	The Hunger Games: Moc	653	*	Deadpool	783	✓	Thor: Ragnarok	854	✓✓✓	Bohemian Rhapsody	716	*
10 Interstellar	675	✓✓	The Martian	630	✓	Suicide Squad	746	✓	Wonder Woman	821	✓	Fantastic Beasts: The Cri	630	✓
11 Big Hero 6	658	*	Fifty Shades of Grey	571	*	Doctor Strange	678	✓	Coco	798	*	Ant-Man and the Wasp	623	✓✓
12 How to Train Your Drag	622	✓	Cinderella (2015)	544	*	Moana	643	*	Pirates of the Caribbean:	793	✓	Ready Player One	583	✓
13 American Sniper	547	*	The Revenant	533	*	Sing	632	*	It	700	*	The Meg	530	*
14 Godzilla (2014)	529	✓	Ant-Man	519	*	The Mermaid (Mei ren yi)	554	*	Justice league	658	✓✓	Hotel Transylvania 3: Su	527	*
15 Rio 2	500	*	San Andreas	474	✓	X-Men: Apocalypse	544	✓	Logan	619	✓	Dr. Seuss' The Grinch	477	*
16 Teenage Mutant Ninja T	493	*	Hotel Transylvania 2	473	*	Kung Fu Panda 3	521	*	Transformers: The Last K	605	✓	Rampage	428	✓
17 The LEGO Movie	469	*	Terminator: Genisys	441	✓	La La Land	446	*	Kong: Skull Island	567	*	Mamma Mia! Here We C	395	*
18 Lucy	463	*	Kingsman: The Secret Se	414	*	Warcraft	434	*	The Boss Baby	528	*	Solo: A Star Wars Story	392	*
19 Penguins of Madagascar	373	*	Home (2015)	386	*	Jason Bourne	416	*	Dunkirk	525	*	A Star is Born	390	*
20 Edge of Tomorrow	371	*	Mad Max: Fury Road	378	*	Ice Age: Collision Cours	409	*	War for the Planet of the	490	✓	Fifty Shades Freed	372	*

Notes:  
 \* NBOC of less than Rs100 mn in India  
 ✓ NBOC of Rs100-300 mn in India  
 ✓✓ NBOC of Rs300-500 mn in India  
 ✓✓✓ NBOC of Rs500-750 mn in India  
 ✓✓✓✓ NBOC of Rs750-1,000 mn in India  
 ✓✓✓✓✓ NBOC of Rs1 bn+ in India

Source: Box office data, Kotak Institutional Equities

## Exhibit 9: Box office collections of key Hollywood titles in India

Movie name	Release date	NBOC (Rs mn)
Mission Impossible: Ghost Protocol	Dec-11	315
The Avengers	Apr-12	365
The Amazing Spider-Man	Jul-12	498
The Dark Knight Rises	Jul-12	403
Iron Man 3	May-13	450
Fast & Furious 6	May-13	425
Superman: Man Of Steel	Jun-13	241
The Wolverine	Jul-13	210
The Hunger Games: Catching Fire	Dec-13	52
Captain America: The Winter Soldier	Apr-14	185
The Amazing Spider-Man 2	May-14	510
X-Men: Days of Future Past (English & Dubbed)	May-14	425
Transformers: Age of Extinction?	Jul-14	414
Fast & Furious 7	Apr-15	979
The Avengers - Age Of Ultron	Apr-15	731
Jurassic World	Jun-15	773
Mission: Impossible - Rogue Nation	Aug-15	480
Spectre	Nov-15	370
Star Wars: The Force Awakens	Dec-15	160
Batman v Superman: Dawn of Justice	Mar-16	322
The Jungle Book (Including all formats)	Apr-16	1,802
Captain America: Civil War (All formats)	May-16	541
The Conjuring 2?	Jun-16	590
xXx: Return of Xander Cage	Jan-17	309
Fast & Furious 8	Apr-17	832
Wonder woman	Jun-17	250
Transformers: The Last Knight	Jul-17	150
Spider-Man 3: Homecoming	Jul-17	577
Annabelle: Creation	Sep-17	450
Thor: Ragnarok	Nov-17	569
Justice league	Nov-17	375
Star Wars: The Last Jedi	Dec-17	95
Jumanji: Welcome To The Jungle	Dec-17	540
Black Panther	Jan-18	503
Avengers: Infinity War	Apr-18	2,227
Deadpool 2	May-18	505
Incredibles 2	Jun-18	403
Jurassic World: Fallen Kingdom	Jun-18	800
Mission : Impossible Fallout	Jul-18	766
Ant-Man And The Wasp	Jul-18	325
Venom	Oct-18	301
Aquaman	Dec-18	533

Source: Box office data, Kotak Institutional Equities

JANUARY 15, 2019

#### RESULT

Coverage view: **Attractive**

Price (₹): **457**

Fair Value (₹): **430**

BSE-30: **36,318**

**Status quo.** Zee reported a good quarter with 22% yoy growth in ad revenues, 29% growth in domestic subscription revenues (aided by catch-up revenues), 27% growth in EBITDA and 26% growth in net profit (pre-exceptional and pre-RPS). Cash generation was weak, potentially suggesting another year of elevated investments in movies. The stock price performance in the near-to-medium term hinges on the outcome of promoter stake sale—essentially strength of the incoming strategic investor and the deal structure. Maintain REDUCE with an unchanged fair value of ₹430.

#### Company data and valuation summary

Zee Entertainment Enterprises

Stock data				Forecasts/Valuations			
				2019E	2020E	2021E	
52-week range (Rs) (high,low)				619-410			
Market Cap. (Rs bn)				438.7			
Shareholding pattern (%)							
Promoters				41.6			
FIs				40.8			
MFs				5.8			
Price performance (%)							
	1M	3M	12M				
Absolute	(6.7)	(3.3)	(24.6)				
Rel. to BSE-30	(7.6)	(7.2)	(27.7)				
Sales (Rs bn)				78.4			
Net profits (Rs bn)				16.5			
EBITDA (Rs bn)				25.9			
EV/EBITDA (X)				15.6			
ROE (%)				20.5			
Div. Yield (%)				1.0			

#### 3QFY19—impressive performance overall, barring cash generation

Ad revenues grew 21.7% yoy (KIE 20%) led by domestic/overseas ad growth of 20.6%/40%. Domestic subscription revenues grew 28.6% yoy to ₹5.2 bn partly aided by digital deal renewals with telcos and catch-up revenues (₹500 mn) pertaining to phase-3 monetization. EBITDA grew 27% yoy to ₹7.54 bn (KIE ₹7.55 bn) and EBITDA margin at 34.8% was up 250 bps yoy after absorbing digital losses. Adjusted net profit (pre-RPS and pre-exceptional) grew 26% yoy to ₹5.25 bn, 7% above our estimate led by higher other income (up 45% qoq to ₹860 mn led by GST refunds and miscellaneous income) and lower ETR (30.6% in 3Q versus 39.8% in 1H). Cash and treasury investments declined to ₹29.4 bn from ₹30.7/32.4 bn as of Sep 2018/Mar 2018-end. It could be due to elevated movie capex and/or higher loans and advances and/or receivables.

#### Updates on promoter stake sale and progress of ZEE5 platform

Key management commentary on promoter stake sale—(1) Zee promoters are talking to more than two strategic investors and are confident of completing the stake sale by March/April 2019 as stated earlier, and (2) at present, promoters are not considering any financial investor. Progress of ZEE5—Zee reported 36% growth in ZEE5's MAUs (monthly active users) to 56.3 mn in Dec 2018 from Sep 2018. Average daily time spent per user was flat at 31 minutes. While these numbers are encouraging, we await additional metrics such as DAUs (daily active users), paid subscribers, aggregate video watch time across all users and split of the same between app and web. ZEE5 has released 31 originals in 9MFY19 as against guidance of 90 shows (now withdrawn). Management targets 72 shows (6 per month) in FY2020E.

#### Deal valuations and structure/arrangements hold the key to sustainable valuations

Zee's stock performance in the near-to-medium term hinges on four factors—(1) strengths of the strategic investor. Strong tech capabilities and deep pockets are critical, (2) role of ZEE5. In our view, it is necessary that ZEE5 remains the primary/exclusive OTT platform for Zee's content in India for sustenance of rich valuations, (3) operating control—Zee's key strength (ability to cost-efficiently produce a large volume of good content) is attributable to its leadership. Any change in leadership or promoter relinquishing control could dilute this strength, and (4) deal valuations would influence stock price in the short term whereas quality of the strategic investor and deal structure/future arrangements (points #1 to #3) would determine long-term valuations.

Jaykumar Doshi

### 3QFY19 results and conference call highlights

- ▶ Domestic ad revenues grew 20.6% yoy (KIE 21%). As per our estimate, Zee's outperformance over the industry could be about 600 bps largely attributable to market share gains (400 bps) and contribution of ZEE5 (200 bps). International ad revenues grew 40% to ₹907 mn as against our estimate of 8%. The management attributed it to higher advertising in Africa and Germany.
- ▶ Domestic subscription revenue growth at 28.6% yoy (KIE 20%) was aided by a low base, phase III monetization and digital deals with Airtel/Jio. The management indicated catch-up revenues of ₹500 mn in 3QFY19 pertaining to phase III monetization deals.
- ▶ EBITDA at ₹7.54 bn (+27% yoy) was in line with our estimates. Even as reported operating costs were in line with our estimates, underlying operating costs (adjusted for lower-than-estimated other sales and services) were a tad higher than estimated. The same is applicable for yoy metrics as well—while reported operating costs increased 14% yoy, adjusted for lower other operating sales, operating costs would have increased by 18%. Operating costs could be higher on account of higher-than-estimated investments in ZEE5.
- ▶ Zee launched Zee Keralam, Zee Keralam HD and Zee Kannada HD during the quarter.
- ▶ Zee management indicated that it is working with DTH and cable players for implementation of TRAI tariff order. While it does not rule out some hiccups during implementation, the management is confident of medium-term benefits in the event of implementation of tariff order. Zee management has guided a low-teen growth in domestic subscription revenues in FY2020.
- ▶ Zee management is confident of maintaining 30%+ EBITDA margin in FY2020E as well, despite higher investments in ZEE5.

Exhibit 1: Interim results of Zee Entertainment, March fiscal year-ends (Rs mn)

	3QFY19	3QFY19E	3QFY18	2QFY19	% chg.			9MFY19	9MFY18	% chg.	FY2019E	FY2018	yoy %
					KIE	yoy	qoq						
<b>Total revenues</b>	<b>21,668</b>	<b>21,771</b>	<b>18,381</b>	<b>19,759</b>	<b>(0.5)</b>	<b>17.9</b>	<b>9.7</b>	<b>59,147</b>	<b>49,604</b>	<b>19</b>	<b>78,424</b>	<b>66,857</b>	<b>17</b>
Advertising revenues	14,626	14,424	12,020	12,106	1.4	21.7	20.8	38,192	31,552	21	50,457	42,048	20
Subscription revenues	6,185	5,903	5,017	6,082	4.8	23.3	1.7	17,453	14,822	18	23,237	20,287	15
--Domestic subscription	5,192	4,843	4,036	5,093	7.2	28.6	1.9	14,537	11,867	22	19,338	16,388	18
--International subscription	993	1,059	981	989	(6.3)	1.2	0.4	2,916	2,952	(1)	3,899	3,899	—
Other sales (incl. syndication)	857	1,444	1,344	1,571	(40.6)	(36.2)	(45.4)	3,502	3,230	8	4,730	4,522	5
<b>Total expenditure</b>	<b>(14,125)</b>	<b>(14,221)</b>	<b>(12,437)</b>	<b>(13,001)</b>	<b>(0.7)</b>	<b>13.6</b>	<b>8.6</b>	<b>(39,190)</b>	<b>(33,904)</b>	<b>16</b>	<b>(52,568)</b>	<b>(46,095)</b>	<b>14</b>
Content and other direct costs	(7,978)	(7,870)	(6,730)	(7,263)	1.4	18.5	9.8	(21,925)	(18,382)	19	(29,721)	(25,275)	18
Employee costs	(1,834)	(1,800)	(1,535)	(1,687)	1.9	19.4	8.7	(5,235)	(5,018)	4	(7,123)	(6,657)	7
Advt. and publicity costs	(2,011)	(1,900)	(1,796)	(1,651)	5.8	11.9	21.8	(5,063)	(4,447)	14	(6,639)	(5,773)	15
Other expenses	(2,302)	(2,651)	(2,375)	(2,400)	(13.1)	(3.1)	(4.1)	(6,968)	(6,057)	15	(9,085)	(8,390)	8
<b>EBITDA</b>	<b>7,543</b>	<b>7,550</b>	<b>5,944</b>	<b>6,757</b>	<b>(0.1)</b>	<b>26.9</b>	<b>11.6</b>	<b>19,957</b>	<b>15,699</b>	<b>27</b>	<b>25,856</b>	<b>20,761</b>	<b>25</b>
<b>EBITDA margin (%)</b>	<b>34.8</b>	<b>34.7</b>	<b>32.3</b>	<b>34.2</b>				<b>33.7</b>	<b>31.6</b>		<b>33.0</b>	<b>31.1</b>	<b>6</b>
Other income	860	500	480	589	72.0	79.0	45.9	1,947	1,913	2	2,214	2,795	(21)
Fair value through P&L (RPS)	376	(240)	(419)	(220)	(256.8)			(57)	(1,099)	1,838	(969)	(68)	1,333
Finance costs (b)	(55)	(50)	(24)	(55)	10	133.9	1.3	(163)	(173)	(6)	(100)	(1,448)	(93)
D&A expenses	(615)	(590)	(505)	(588)	4.2	21.8	4.5	(1,779)	(1,226)	45	(2,363)	(1,821)	30
<b>Pretax profits</b>	<b>8,110</b>	<b>7,170</b>	<b>5,477</b>	<b>6,483</b>	<b>13.1</b>	<b>48.1</b>	<b>25.1</b>	<b>19,905</b>	<b>15,114</b>	<b>32</b>	<b>24,639</b>	<b>20,220</b>	<b>22</b>
Extraordinaries	—	—	—	—	—	—	—	—	2,955	—	—	2,955	(100)
Tax provision (c)	(2,484)	(2,519)	(1,739)	(2,624)	(1.4)	42.8	(5.3)	(7,179)	(5,604)	28	(9,091)	(8,409)	8
Minority interest	2	2	4	2				22	6	(72)	25	25	—
<b>Reported PAT (post RPS impact)</b>	<b>5,628</b>	<b>4,652</b>	<b>3,743</b>	<b>3,861</b>	<b>21.0</b>	<b>50.4</b>	<b>45.8</b>	<b>12,748</b>	<b>12,471</b>	<b>2</b>	<b>15,573</b>	<b>14,791</b>	<b>5</b>
EPS post RPS impact (Rs)	5.9	4.8	3.9	4.0	21.0	50.4	45.8	13.3	13.0		16.2	15.4	5
Adj. PAT (pre-RPS and pre-exceptional)	5,251	4,892	4,162	4,081	7.3	26.2	28.7	12,804	10,615	21	16,542	14,428	15
Adj. EPS (pre-RPS and pre-exceptional) (Rs)	5.5	5.1	4.3	4.2	7.3	26.2	28.7	13.3	11.1	21	17.2	15.0	15
Tax rate (%)	30.6	35.1	31.7	40.5				36.1	37.1		36.9	41.6	

Notes:

(a) Fair value through P&amp;L (RPS) incorporates MTM changes in RPS liability.

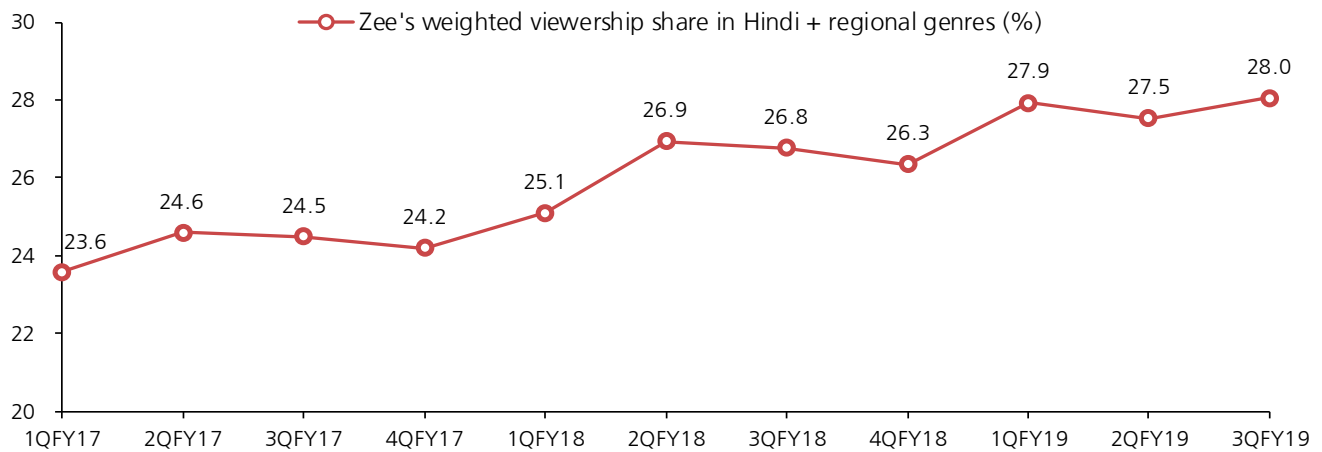
Source: Company, Kotak Institutional Equities estimates

Exhibit 2: Revised earnings estimates of Zee, FY2019E-21E (Rs mn)

	Revised			Previous			% change		
	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
<b>Consolidated</b>									
Ad revenues	50,457	58,530	67,310	49,911	57,896	66,581	1.1	1.1	1.1
Subscription revenues	23,237	25,751	28,810	22,746	25,290	28,284	2.2	1.8	1.9
Other operating revenues	4,730	5,445	6,271	5,004	5,634	6,344	(5.5)	(3.4)	(1.2)
<b>Total revenues</b>	<b>78,424</b>	<b>89,726</b>	<b>102,391</b>	<b>77,660</b>	<b>88,820</b>	<b>101,209</b>	<b>1.0</b>	<b>1.0</b>	<b>1.2</b>
Direct costs	29,721	35,676	42,192	29,603	35,255	41,357	0.4	1.2	2.0
Employee cost	7,123	7,977	8,935	7,189	8,052	9,018	(0.9)	(0.9)	(0.9)
SG&A expenses	15,724	17,178	18,978	15,545	16,974	18,746	1.2	1.2	1.2
<b>Total expenditure</b>	<b>52,568</b>	<b>60,831</b>	<b>70,104</b>	<b>52,337</b>	<b>60,281</b>	<b>69,121</b>	<b>0.4</b>	<b>0.9</b>	<b>1.4</b>
<b>EBITDA</b>	<b>25,856</b>	<b>28,895</b>	<b>32,286</b>	<b>25,323</b>	<b>28,539</b>	<b>32,088</b>	<b>2.1</b>	<b>1.2</b>	<b>0.6</b>
<b>PAT</b>	<b>15,573</b>	<b>18,370</b>	<b>20,810</b>	<b>15,104</b>	<b>18,135</b>	<b>20,679</b>	<b>3.1</b>	<b>1.3</b>	<b>0.6</b>
Adj PAT (excl. RPS impact)	16,542	19,062	21,321	16,073	18,827	21,190	2.9	1.2	0.6
EPS (Rs)	16.2	19.1	21.7	15.7	18.9	21.5	3.1	1.3	0.6
Adj EPS (Rs) (excl. RPS impact)	17.2	19.8	22.2	16.7	19.6	22.1	2.9	1.2	0.6
<b>Key assumptions</b>									
Ad revenue growth (%)	20.0	16.0	15.0	18.7	16.0	15.0			
Domestic subscription growth (%)	18.0	13.0	14.0	15.0	13.5	14.0			
International subscription growth (%)	—	—	—	—	—	—			
Core business EBITDA margin	37.2	36.8	36.0	36.9	36.8	36.3			
EBITDA margin (%)	33.0	32.2	31.5	32.6	32.1	31.7			
EBITDA loss in digital (Rs mn)	2,860	3,232	3,205	2,860	3,232	3,205			

Source: Company, Kotak Institutional Equities estimates

Exhibit 3: Weighted average viewership share of Zee network in Hindi and regional genres



## Notes:

- (1) Above market share working is based on Zee network's quarterly viewership share in its key genres (Hindi Gec, Hindi movies Hindi FTA GEC+movies and regional GECs) and it uses ad market size of respective genre as weight
- (2) The above calculation does not cover English, music, regional movies and niche genres that collectively account for less than 10-12% of Zee's domestic ad revenues. Zee's domestic/international ad revenue is 94%/6%.

Source: BARC, Kotak Institutional Equities estimates

Exhibit 4: Hindi genre- BARC ratings market share, 1-April-16 to 28-Dec-18 (Week 14, 2016 to Week 52, 2018) (%)

	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
<b>Hindi GEC (Urban + Rural)- Viewership share in the top 7 channels (%)</b>											
Star Plus	21.0	21.9	20.8	21.7	21.5	18.9	16.3	15.9	17.6	18.8	20.1
Colors (TV18)	20.7	17.6	20.8	20.1	17.3	18.1	19.9	19.1	17.9	18.5	16.7
<b>Zee TV</b>	<b>17.5</b>	<b>18.0</b>	<b>14.9</b>	<b>15.0</b>	<b>17.4</b>	<b>20.1</b>	<b>20.9</b>	<b>19.1</b>	<b>21.2</b>	<b>19.3</b>	<b>20.1</b>
Sony TV	10.1	11.9	13.3	13.3	12.3	13.8	13.4	14.9	13.0	15.4	16.1
Sony SAB	11.4	11.4	11.9	12.1	14.5	12.3	12.5	13.2	13.9	13.7	12.1
<b>&amp;TV (Zee)</b>	<b>5.3</b>	<b>6.0</b>	<b>6.0</b>	<b>5.9</b>	<b>5.4</b>	<b>6.4</b>	<b>6.0</b>	<b>5.6</b>	<b>5.0</b>	<b>4.9</b>	<b>4.5</b>
Life Ok (Star Bharat)	14.0	13.1	12.3	11.9	11.6	10.5	11.0	12.2	11.4	9.5	10.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Zee Network</b>	<b>22.8</b>	<b>24.1</b>	<b>20.8</b>	<b>20.9</b>	<b>22.8</b>	<b>26.4</b>	<b>26.9</b>	<b>24.7</b>	<b>26.2</b>	<b>24.2</b>	<b>24.7</b>
<b>Hindi movies (Urban + Rural)- Viewership share in the top 6 channels (%)</b>											
Sony Max	26.0	25.8	26.7	25.6	27.2	26.8	28.2	27.6	27.9	28.5	25.7
Star Gold	21.7	21.2	18.1	20.2	20.2	20.2	19.1	19.9	19.8	18.5	20.1
<b>Zee Cinema</b>	<b>22.2</b>	<b>22.0</b>	<b>23.7</b>	<b>22.0</b>	<b>22.1</b>	<b>20.8</b>	<b>20.7</b>	<b>20.3</b>	<b>20.8</b>	<b>21.9</b>	<b>22.4</b>
Movies OK	11.7	11.5	11.5	11.3	10.8	12.0	11.7	11.3	11.2	10.8	11.5
<b>&amp; Pictures</b>	<b>10.9</b>	<b>11.3</b>	<b>11.9</b>	<b>12.3</b>	<b>11.5</b>	<b>11.4</b>	<b>11.3</b>	<b>11.2</b>	<b>11.8</b>	<b>11.1</b>	<b>11.7</b>
Sony Max 2	7.6	8.1	8.1	8.5	8.2	8.8	9.1	9.6	8.5	9.1	8.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Zee Network</b>	<b>33.1</b>	<b>33.4</b>	<b>35.6</b>	<b>34.4</b>	<b>33.7</b>	<b>32.2</b>	<b>32.0</b>	<b>31.5</b>	<b>32.5</b>	<b>33.0</b>	<b>34.1</b>
<b>FTA Hindi GEC (Urban + Rural)- Viewership share in the top 8 channels (%)</b>											
Star Bharat						4.1	10.9	10.7	8.9	8.7	9.9
<b>Zee Anmol</b>	<b>21.8</b>	<b>24.5</b>	<b>22.0</b>	<b>19.0</b>	<b>19.7</b>	<b>25.0</b>	<b>21.1</b>	<b>21.5</b>	<b>23.3</b>	<b>21.2</b>	<b>22.5</b>
Sony PAL	22.8	20.5	21.6	21.3	23.9	19.3	18.6	19.2	18.2	16.9	16.0
Colors Rishtey	17.2	15.5	19.6	21.5	21.2	18.3	13.5	13.2	17.1	13.8	10.8
Star Utsav	21.6	24.5	19.1	18.8	15.4	10.7	15.7	16.6	14.9	18.3	19.2
<b>Zee Big Magic</b>	<b>8.4</b>	<b>7.0</b>	<b>8.9</b>	<b>7.6</b>	<b>7.9</b>	<b>7.9</b>	<b>7.0</b>	<b>7.1</b>	<b>8.1</b>	<b>7.8</b>	<b>8.0</b>
Dangal TV	2.8	3.3	3.7	4.5	4.9	8.1	9.2	9.6	7.9	11.5	12.1
DD National	5.4	4.8	5.0	7.3	6.9	6.5	4.0	2.2	1.6	1.8	1.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Zee Network</b>	<b>30.2</b>	<b>31.4</b>	<b>30.9</b>	<b>26.7</b>	<b>27.6</b>	<b>32.9</b>	<b>28.1</b>	<b>28.6</b>	<b>31.5</b>	<b>29.0</b>	<b>30.4</b>
<b>FTA Hindi movies (Urban + Rural)- Viewership share in the top 4 channels (%)</b>											
Sony Wah	18.6	41.9	35.2	32.0	29.9	29.7	27.2	29.2	29.2	29.7	29.9
Rishtey Cineplex	41.8	24.3	20.9	21.9	24.5	26.0	27.2	27.3	26.0	24.6	26.2
<b>Zee Anmol Cinema</b>	<b>0.0</b>	<b>9.0</b>	<b>23.1</b>	<b>24.0</b>	<b>23.8</b>	<b>21.7</b>	<b>22.6</b>	<b>21.9</b>	<b>21.4</b>	<b>21.5</b>	<b>20.0</b>
Star Utsav movies	39.6	24.7	20.8	22.1	21.8	22.7	23.0	21.5	23.4	24.2	23.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Notes:

- (a) Top 5-8 channels (relevant channels) in each genre are considered for market share calculation.  
(b) Life Ok was rebranded as Star Bharat (Free-to-Air channel) on 28th August 2017. We have split its ratings in 50:50 (Paid/FTA) ratio for market share calculation of Paid and FTA Hindi GEC groups starting 28th Aug 2017.

Source: BARC, Kotak Institutional Equities

Exhibit 5: Regional genres- BARC ratings market share, April 1, 2016 to Dec 28, 2018 (Week 14, 2016 to Week 52, 2018) (%)

	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
<b>Tamil GEC (Urban + Rural)- Viewership share in the top 6 channels (%)</b>											
Sun TV	64.0	60.1	61.0	60.3	55.9	49.2	51.5	49.3	45.5	44.2	41.6
STAR Vijay	11.9	12.6	10.5	12.3	16.5	24.0	21.4	19.9	20.7	21.5	21.7
Zee Tamil	8.2	12.2	13.7	13.1	13.2	13.9	15.2	17.6	19.6	20.9	22.6
Polimer	5.4	4.8	4.4	4.6	4.7	3.7	3.6	3.2	3.1	2.5	2.2
Kalaingar TV	4.5	3.5	3.5	3.2	3.1	2.8	3.4	3.3	2.4	2.2	2.0
Jaya TV	3.5	4.6	4.9	4.1	3.9	3.8	2.4	2.3	2.2	2.3	2.4
Colors Tamil								1.5	3.7	3.1	3.7
Sun Life	2.5	2.3	2.1	2.3	2.8	2.5	2.4	2.8	2.9	3.2	3.8
<b>Total of top 8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Telugu GEC (Urban + Rural)- Viewership share in the top 4 channels (%)</b>											
Zee Telugu	27.9	24.5	22.8	24.0	24.3	22.9	24.6	24.0	26.8	25.1	24.6
Star Maa TV	24.4	22.1	22.5	23.0	22.2	27.7	24.5	25.7	27.8	30.1	31.8
Gemini TV (Sun)	21.8	28.3	30.1	29.3	29.4	25.6	24.4	24.8	22.4	22.0	21.8
ETV Telugu	25.9	25.1	24.6	23.7	24.1	23.8	26.4	25.6	23.0	22.8	21.9
<b>Total of Top 4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Kannada GEC (Urban + Rural)- Viewership share in the top 5 channels (%)</b>											
Colors Kannada	35.5	36.2	35.2	34.2	34.4	35.0	34.8	35.0	33.9	33.5	32.5
Colors Super	0.0	2.8	4.5	6.5	8.0	8.4	11.4	10.3	8.0	8.9	10.7
Zee Kannada	23.4	22.4	24.5	24.8	25.6	24.5	22.3	24.7	25.0	29.2	29.6
Udaya TV (Sun)	20.2	18.8	12.8	13.0	13.6	16.4	18.7	18.0	18.8	17.0	16.1
Star Suvarna	20.9	19.8	23.0	21.6	18.3	15.6	12.8	12.0	14.4	11.3	11.0
<b>Total of Top 5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Malayalam GEC (Urban + Rural)- Viewership share in the top 4 channels (%)</b>											
Star Asianet	57.2	52.9	55.3	56.8	54.9	51.9	43.7	48.1	52.8	52.7	52.3
Surya TV (Sun)	12.3	17.4	15.5	14.5	15.5	20.1	20.3	18.4	16.6	16.8	14.6
Mazhavil Manorama	18.7	16.8	15.5	15.7	18.2	16.7	21.3	16.9	15.5	15.8	15.3
Flowers TV	11.8	12.8	13.7	12.9	11.4	11.3	14.8	16.6	15.1	14.7	17.7
<b>Total of Top 4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Telugu movie channels (Urban + Rural)- Viewership share in the top 4 channels (%)</b>											
Gemini movies (Sun)	48.3	47.0	42.2	41.0	35.6	32.2	31.9	33.1	28.4	32.2	31.8
Zee Cinemalu	0.0	3.3	14.2	17.2	18.9	21.7	21.8	23.1	26.0	24.6	25.1
Star MAA movies	35.3	32.3	26.2	25.3	29.2	32.4	30.2	28.3	31.8	27.7	27.6
ETV cinema	16.4	17.4	17.4	16.6	16.2	13.6	16.1	15.5	13.7	15.5	15.5
<b>Total of Top 4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Malayalam movie channels (Urban + Rural)- Viewership share in the top 2 channels (%)</b>											
Star Asianet movies	54.0	51.1	56.1	51.0	49.2	51.3	50.4	55.3	53.9	54.5	55.9
Surya movies (Sun)	46.0	48.9	43.9	49.0	50.8	48.7	49.6	44.7	46.1	45.5	44.1
<b>Total of Top 2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Tamil movie channel (Urban + Rural)- (GVMs)</b>											
KTV (Sun)	273	265	278	268	316	332	337	294	275	306	337
<b>Kannada movie channel (Urban + Rural)- (GVMs)</b>											
Udaya movies (Sun)	172	156	151	170	190	193	186	191	185	216	189

Source: BARC, Kotak Institutional Equities

Exhibit 6: Regional genres- BARC ratings market share, April 1, 2016 to Dec 28, 2018 (Week 14, 2016 to Week 52, 2018) (%)

	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
<b>Marathi GEC (Urban + Rural)- Viewership share in the top 6 channels (%)</b>											
Zee Marathi	42.5	46.2	51.3	54.4	54.4	51.5	50.8	45.5	47.7	47.1	51.5
Colors Marathi	29.7	23.5	19.6	17.6	16.0	15.1	16.0	19.1	18.6	19.0	18.7
Star Pravah	9.0	10.1	10.0	11.4	13.4	14.1	16.3	18.4	17.2	17.8	18.1
Zee Yuva	0.0	1.7	6.6	5.4	7.2	10.1	8.2	8.5	8.8	8.2	5.8
Fakt Marathi	8.5	9.5	7.1	6.2	5.3	5.8	4.6	4.8	4.6	5.1	3.7
Maiboli	10.4	9.0	5.4	5.0	3.8	3.5	4.2	3.8	3.2	2.6	2.2
<b>Total of top 6</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Bangla GEC (Urban + Rural)- Viewership share in the top 4 channels (%)</b>											
Star Jalsha	50.4	51.4	55.2	57.1	55.7	57.1	55.3	47.7	44.8	38.3	38.9
Zee Bangla	36.1	37.3	34.7	33.8	32.1	31.7	31.7	38.8	41.0	46.1	45.6
Colors Bangla	7.1	5.0	5.1	4.2	5.1	6.1	8.2	9.3	8.3	8.9	8.4
Sony Aath	6.5	6.3	4.9	4.9	7.0	5.2	4.8	4.3	5.8	6.6	7.1
<b>Total of Top 4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Oriya GEC (Urban + Rural)- Viewership share in the top 4 channels (%)</b>											
Sarthak TV	52.8	53.3	55.1	50.1	48.4	51.3	49.2	45.2	47.0	47.7	46.8
Tarang TV	32.1	31.4	26.4	31.2	35.3	34.0	37.4	41.1	37.8	36.4	40.3
Odisha TV	7.6	9.9	10.7	11.0	8.4	8.7	7.8	7.4	8.2	10.2	7.9
Colors Oriya	7.4	5.5	7.7	7.7	7.9	6.1	5.6	6.4	7.1	5.6	4.9
<b>Total of Top 4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Notes:

- (1) Top 5-7 channels (relevant channels) in each genre are considered for market share calculation.
- (2) Colors Tamil's viewership share was 4.5% in the month of March 2018 (Channel ratings were released starting March)

Source: BARC, Kotak Institutional Equities

Exhibit 7: Consolidated financial summary of Zee Entertainment, March fiscal year-ends, 2014-21E (Rs mn)

	2014	2015	2016	2017	2018	2019E	2020E	2021E
<b>Profit model (Rs mn)</b>								
Total revenues	44,217	48,837	58,514	64,332	66,857	78,424	89,726	102,391
EBITDA	12,033	12,538	15,094	19,260	20,761	25,856	28,895	32,286
Other income	1,807	2,278	2,016	2,240	2,795	2,214	2,563	2,785
Interest	(158)	(103)	(123)	(161)	(1,448)	(100)	(50)	(50)
Depreciation	(501)	(673)	(840)	(1,152)	(1,821)	(2,363)	(2,513)	(2,704)
<b>Pretax profits</b>	<b>13,181</b>	<b>14,040</b>	<b>16,147</b>	<b>20,187</b>	<b>20,287</b>	<b>25,607</b>	<b>28,895</b>	<b>32,318</b>
Extraordinary items	—	—	(331)	12,234	2,955	—	—	—
Taxes	(4,291)	(4,284)	(5,528)	(6,805)	(8,409)	(9,091)	(9,824)	(10,988)
Minority interest	21	20	(22)	5	25	25	25	25
RPS dividends (incl tax)	(101)	(1,453)	(1,457)	(1,211)	(1,211)	(969)	(727)	(545)
<b>PAT</b>	<b>8,810</b>	<b>8,323</b>	<b>8,810</b>	<b>22,205</b>	<b>13,580</b>	<b>15,573</b>	<b>18,370</b>	<b>20,810</b>
Adj PAT (pre-exceptional; excl RPS impact)	8,911	9,776	10,482	13,386	14,428	16,542	19,062	21,321
EPS (Rs)	9.2	8.7	9.2	23.1	14.1	16.2	19.1	21.7
Adj EPS (Rs) - (excl RPS impact)	9.3	10.2	10.9	13.9	15.0	17.2	19.8	22.2
<b>Balance sheet (Rs mn)</b>								
Total Equity	27,207	35,306	42,145	66,567	75,617	85,987	97,996	110,712
Preference capital	20,169	20,192	20,169	—	—	—	—	—
Minority interest	61	4	85	10	141	141	141	141
Total borrowings	29	12	9	19,088	15,254	11,441	7,627	3,814
Current liabilities	12,850	14,544	16,532	14,702	20,284	21,829	25,126	28,823
<b>Total capital</b>	<b>47,467</b>	<b>55,514</b>	<b>62,408</b>	<b>85,665</b>	<b>91,012</b>	<b>97,568</b>	<b>105,764</b>	<b>114,666</b>
Cash and cash eq	16,500	20,476	21,346	40,935	33,264	34,275	37,824	42,486
Inventories	11,736	11,878	13,160	16,843	26,278	29,278	33,278	37,278
Receivables	10,281	10,692	13,245	13,059	15,365	17,189	19,666	22,442
Loans and advances	7,645	11,627	12,972	14,156	13,114	14,994	16,723	18,265
Other current assets	1,243	1,706	2,127	3,429	7,026	7,326	7,726	8,126
Net fixed assets	11,730	12,254	14,960	9,721	14,125	14,212	13,549	12,446
Investments	884	894	576	1,321	2,124	2,124	2,124	2,124
Deferred tax assets	298	531	556	903	—	—	—	—
<b>Total assets</b>	<b>47,467</b>	<b>55,514</b>	<b>62,408</b>	<b>85,665</b>	<b>91,012</b>	<b>97,568</b>	<b>105,764</b>	<b>114,666</b>
<b>Free cash flow (Rs mn)</b>								
Operating cash flow, excl. W-cap, ex-taxes	12,976	13,209	15,713	19,170	22,390	26,175	28,920	32,312
Working capital	(4,904)	(2,236)	(2,632)	(5,670)	(8,551)	(5,458)	(5,310)	(5,020)
Taxes paid	(4,242)	(4,164)	(5,827)	(6,810)	(8,295)	(9,091)	(9,824)	(10,988)
Capital expenditure	(1,482)	(1,147)	(4,064)	(2,768)	(4,605)	(2,450)	(1,850)	(1,600)
Other income (net)	1,108	1,126	1,003	1,001	1,107	2,114	2,513	2,735
<b>Free cash flow (prior to RPS dividends)</b>	<b>3,456</b>	<b>6,788</b>	<b>4,193</b>	<b>4,923</b>	<b>2,046</b>	<b>11,291</b>	<b>14,449</b>	<b>17,438</b>
RPS dividends	(101)	(1,453)	(1,457)	(1,211)	(1,211)	(969)	(727)	(545)
<b>Free cash flow to equity holders</b>	<b>3,355</b>	<b>5,335</b>	<b>2,736</b>	<b>3,712</b>	<b>835</b>	<b>10,322</b>	<b>13,722</b>	<b>16,893</b>
<b>Key assumptions / metrics</b>								
Ad revenue growth (%)	21.2	11.8	28.9	9.2	14.5	20.0	16.0	15.0
Domestic subscription revenue growth (%)	13.2	8.0	14.5	11.7	11.8	18.0	13.0	14.0
Overseas subscription revenue growth (%)	5.5	(23.6)	15.7	3.0	(2.8)	—	—	—
Content cost as % of revenue	37.7	38.6	41.2	42.2	40.9	35.3	35.6	37.7
Effective tax rate (%)	32.6	30.5	34.2	33.7	41.5	35.5	34.0	34.0
<b>EBITDA margin (%)</b>	<b>27.2</b>	<b>25.7</b>	<b>25.8</b>	<b>29.9</b>	<b>31.1</b>	<b>33.0</b>	<b>32.2</b>	<b>31.5</b>
ROAE	26.6	26.6	22.7	40.9	19.1	19.3	20.0	19.9
ROACE	24.9	21.8	21.6	20.5	15.7	20.7	22.3	23.5

Notes:

(1) Indian GAAP until FY2016 and Ind-AS thereafter.

Source: Company, Kotak Institutional Equities estimates

## December 2018: Results calendar

Mon	Tue	Wed	Thu	Fri	Sat	Sun
<b>14-Jan</b>	<b>15-Jan</b>	<b>16-Jan</b>	<b>17-Jan</b>	<b>18-Jan</b>	<b>19-Jan</b>	<b>20-Jan</b>
		DCB Bank	AU Small Finance	ICICI Lombard	HDFC Bank	
		Mindtree	Federal Bank	L&T Infotech		
		Motilal Oswal Financial Services	Hindustan Unilever	SBI Life Insurance		
			Rallis India	Wipro		
			Reliance Industries			
<b>21-Jan</b>	<b>22-Jan</b>	<b>23-Jan</b>	<b>24-Jan</b>	<b>25-Jan</b>	<b>26-Jan</b>	<b>27-Jan</b>
Coromandel International	Asian Paints	Bharti Infratel	Biocon	Dewan Housing Finance		
Hindustan Zinc	Havells India	DB Corp.	Colgate-Palmolive (India)	GRUH Finance		
Just Dial	HDFC Standard Life	ITC	Mphasis	L&T		
Kotak Mahindra Bank	ICICI Prudential Life	Pdillite Industries	PNB Housing Finance	Mahindra & Mahindra Financial		
L&T Finance Holdings	Oberoi Realty	Ujivan Financial Services	Supreme Industries	Maruti Suzuki		
Union Bank	Reliance Nippon Life Asset Management	United Spirits	UltraTech Cement	Shriram City Union Finance		
	Shree Cement		Yes Bank			
	TVS Motor					
<b>28-Jan</b>	<b>29-Jan</b>	<b>30-Jan</b>	<b>31-Jan</b>	<b>1-Feb</b>	<b>2-Feb</b>	<b>3-Feb</b>
Century Textile	Axis Bank	Bajaj Auto	Dabur India	Berger Paints	J K Cement	
Godrej Properties	Bajaj Finance	Bajaj Holding & Investment	Emami	Carborundum Universal		
Shriram Transport	Bajaj Finserv	Bharat Electronics	Hero Motocorp	Dr Reddy's Laboratories		
Tata Power	Bharat Financial Inclusion	Castrol India	Magma Fincorp	Titan Company		
	Crompton Greaves Consumer	Cholamandalam				
	Godrej Consumer Products	Gujarat Pipavav Port				
	HCL Technologies	Hexaware Technologies				
	HDFC	ICICI Bank				
	Info Edge	IOCL				
	Kansai Nerolac	Jubilant Foodworks				
	Mahanagar Gas	Mahindra Logistics				
	The Ramco Cement	SIS				
	WABCO India	Torrent Pharmaceuticals				
<b>4-Feb</b>	<b>5-Feb</b>	<b>6-Feb</b>	<b>7-Feb</b>	<b>8-Feb</b>	<b>9-Feb</b>	<b>10-Feb</b>
Aditya Birla Fashion	GAIL (India)	Cipla	Britannia Industries	Mahindra & Mahindra		
Exide Industries	Marico	Cummins India	Endurance Technologies			
GlaxoSmithkline Pharmaceuticals	Tech Mahindra	JSW Steel	Gillette India			
	Timken		P&G Hygiene			
	Torrent Power					
<b>11-Feb</b>	<b>12-Feb</b>	<b>13-Feb</b>	<b>14-Feb</b>	<b>15-Feb</b>	<b>16-Feb</b>	<b>17-Feb</b>
Amara Raja Batteries						
PI Industries						
<b>18-Feb</b>	<b>19-Feb</b>	<b>20-Feb</b>	<b>21-Feb</b>	<b>22-Feb</b>	<b>23-Feb</b>	<b>24-Feb</b>
		Mahindra CIE Automotive				

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-Jan-19	Fair Value (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		
<b>Automobiles &amp; Components</b>																														
Amara Raja Batteries	REDUCE	765	740	(3)	131	1.8	171	31	36	42	11.2	19	15	25	21	18.2	13	11.0	9.4	3.9	3.4	2.9	16.6	17.2	17.2	0.6	0.7	0.8	5.1	
Apollo Tyres	BUY	223	315	41	128	1.8	541	17	22	26	25	33	18	13.3	10.0	8.5	7.9	6.5	5.3	1.2	1.1	1.0	9.4	11.5	12.3	1.3	1.3	1.3	9.6	
Ashok Leyland	BUY	94	150	60	275	3.9	2,926	5.9	8.0	8.6	10.1	36	6.5	15.8	11.6	10.9	8.9	7.1	6.9	3.3	2.8	2.4	23	26	24	1.9	2.6	2.7	35	
Bajaj Auto	REDUCE	2,726	2,500	(8)	789	11.1	289	149	169	178	6.0	13.8	5.0	18.3	16.1	15.3	13	10.6	9.8	3.7	3.3	3.0	21	22	20	2.2	2.5	2.6	16.1	
Balkrishna Industries	BUY	870	1,030	18	168	2.4	193	44	54	60	18	22	12.0	19.7	16.2	14.5	10.5	8.9	7.6	3.5	2.9	2.5	19.1	19.6	18.6	0.6	0.7	0.7	12.2	
Bharat Forge	SELL	487	445	(9)	227	3.2	466	21	23	25	31	7.5	9.0	23	21	19.5	13	12	11.0	4.2	3.7	3.3	19.8	18.5	17.8	1.0	1.1	1.2	12.4	
CEAT	ADD	1,236	1,280	4	50	0.7	40	79	97	101	23	22	4.3	15.6	12.7	12.2	9.1	8.0	7.3	1.7	1.5	1.4	11.7	12.8	12.0	0.7	0.8	0.8	11.4	
Eicher Motors	SELL	20,638	18,500	(10)	563	7.9	27	841	966	1,043	6.1	14.8	8.0	25	21	19.8	17	15	13	7.9	6.2	5.0	37	33	28	0.1	0.1	0.0	36	
Escorts	BUY	756	1,050	39	64	1.3	89	57	67	75	47	17	11.9	13.3	11.3	10.1	7.8	6.6	5.4	2.3	1.9	1.7	17.1	17.2	16.6	1.1	1.3	1.5	19.4	
Exide Industries	SELL	258	235	(9)	219	3.1	850	9.3	10.8	12.0	13.6	15	11.8	28	24	21	15	13	11.9	3.7	3.3	3.1	13.9	14.6	14.9	1.2	1.4	1.6	6.0	
Hero Motocorp	SELL	2,911	2,600	(11)	581	8.2	200	173	181	195	(6.4)	4.7	7.5	16.8	16.0	14.9	9.8	9.2	8.3	4.4	4.0	3.6	28	26	25	3.0	3.1	3.4	23	
Mahindra CIE Automotive	ADD	240	280	17	91	1.3	378	13.9	16	17	44	12.1	9.0	17.3	15.4	14.1	8.8	7.8	7.0	2.1	1.9	1.7	13.2	13.0	12.4	—	—	—	0.9	
Mahindra & Mahindra	BUY	727	1,000	38	904	12.7	1,138	42	50	53	11.3	18	7.3	17.2	14.6	13.6	11.5	9.6	8.7	2.4	2.1	1.9	14.9	15.5	14.8	1.2	1.4	1.5	39	
Maruti Suzuki	BUY	7,355	8,300	13	2,222	31.3	302	268	346	387	4.9	29	11.8	27	21	19.0	15	11.2	9.6	4.7	4.1	3.5	18.2	20	19.9	0.9	1.2	1.3	88	
Motherson Sumi Systems	SELL	161	140	(13)	507	7.1	3,158	6.0	7.2	8.3	10.3	20	15	27	22	19.3	10.7	8.7	7.5	4.6	4.0	3.5	18.1	19.1	19.2	1.0	1.1	1.2	17.8	
MRF	REDUCE	66,196	62,000	(6)	281	4.0	4	3,048	3,702	4,089	14.2	21	10.4	22	17.9	16.2	9.6	8.1	7.0	2.6	2.2	2.0	12.5	13.3	13.0	0.1	0.1	0.1	6.0	
Schaeffler India	BUY	5,662	5,700	1	94	1.3	17	148	192	237	3.6	30	23	38	29	24	11.0	8.2	6.4	6.5	5.4	4.4	21	19.9	20	0.2	0.2	0.2	0.6	
SKF	ADD	1,927	1,900	(1)	99	1.4	51	68	82	97	18	20	18	28	24	19.9	18	15	12	4.7	4.0	3.5	16.5	17.2	17.5	0.6	0.7	0.9	1.1	
Tata Motors	BUY	185	300	62	629	8.2	3,396	1.0	21	31	(95)	1,935	47	179	8.8	6.0	4.1	3.1	2.6	0.7	0.6	0.6	0.4	7.2	9.7	—	—	—	43	
Timken	SELL	581	550	(5)	44	0.6	68	19	22	25	39	16	15.0	31	27	23	19	16	14	4.7	4.0	3.4	16.6	16.2	15.7	0.2	0.2	0.2	0.2	
TVS Motor	SELL	544	350	(36)	258	3.6	475	14.8	17	20	6.2	15	14.7	37	32	28	18	16	14	7.8	6.7	5.8	23	23	22	0.8	0.9	1.1	11.7	
Varroc Engineering	BUY	735	1,050	43	99	1.4	135	37	46	69	9.5	26	51	20	16.0	10.6	10.3	8.1	5.8	3.0	2.5	2.0	14.8	15.7	19.1	—	—	—	0.5	
WABCO India	SELL	6,339	6,100	(4)	120	1.7	19	183	222	230	27	22	3.6	35	29	28	24	19	18	6.5	5.4	4.5	21	21	17.9	0.2	0.2	0.2	0.4	
<b>Automobiles &amp; Components</b>	<b>Neutral</b>				<b>8,710</b>	<b>122.4</b>					<b>(8.0)</b>	<b>38</b>	<b>16</b>	<b>24</b>	<b>17.2</b>	<b>14.8</b>	<b>9.6</b>	<b>7.6</b>	<b>6.6</b>	<b>2.8</b>	<b>2.5</b>	<b>2.2</b>	<b>12.0</b>	<b>14.8</b>	<b>15.1</b>	<b>1.0</b>	<b>1.2</b>	<b>1.3</b>	<b>396</b>	
<b>Banks</b>																														
Axis Bank	REDUCE	661	635	(4)	1,698	23.9	2,567	18	42	47	1,579	130	12.5	37	15.9	14.1	—	—	—	2.8	2.3	2.0	7.1	14.6	14.5	0.4	0.9	1.1	98	
Bank of Baroda	ADD	121	130	7	320	4.5	2,652	17	25	28	286	46	13.3	7.1	4.9	4.3	—	—	—	1.0	0.8	0.6	10.6	15.2	13.3	—	—	—	30	
Canara Bank	ADD	275	280	2	202	2.8	733	1.3	54	68	102	3,946	26	206	5.1	4.0	—	—	—	1.4	1.0	0.7	0.3	10.6	11.9	—	—	—	25	
City Union Bank	ADD	189	185	(2)	139	2.0	732	9.4	10.5	12.2	5.5	11.9	16	20	18.0	15.5	—	—	—	3.1	2.8	2.4	15.5	15.3	15.7	0.9	1.0	1.1	2.3	
DCB Bank	BUY	183	185	1	57	0.8	308	10.0	12.3	17	25	23	39	18.3	14.9	10.7	—	—	—	2.1	1.9	1.6	11.4	12.6	15.4	0.5	0.6	0.9	3.7	
Equitas Holdings	BUY	124	160	29	42	0.6	340	4.6	8.4	11.4	398	83	36	27	14.7	10.8	—	—	—	1.8	1.6	1.4	6.7	11.1	13.4	—	—	—	8.0	
Federal Bank	BUY	91	105	15	181	2.5	1,972	6.0	8.0	9.7	35	32	22	15.1	11.4	9.4	—	—	—	1.5	1.4	1.2	9.4	11.5	12.8	1.5	2.0	2.4	17.0	
HDFC Bank	ADD	2,122	2,200	4	5,771	81.2	2,595	78	96	113	16	24	18	28	27	22	18.7	—	—	—	4.0	3.5	3.1	16.7	16.7	17.2	0.7	0.9	1.0	9.0
ICICI Bank	BUY	373	410	10	2,401	33.8	7,072	8.2	27	32	(14.1)	223	20	45	14.0	11.7	—	—	—	2.5	2.1	1.8	4.9	14.8	15.8	0.4	1.4	1.7	106	
IDFC Bank	NR	47	—	—	160	2.3	3,404	0.9	2.9	4.2	(6.4)	215	45	51	16.2	11.2	—	—	—	1.0	1.0	0.9	2.0	6.2	8.5	0.4	1.2	1.8	7.5	
IndusInd Bank	BUY	1,495	1,700	14	901	12.7	600	56	75	94	(7)	35	25	27	19.8	15.9	—	—	—	3.3	2.9	2.5	14.2	15.0	16.4	0.4	0.6	0.7	5.9	
J&K Bank	BUY	39	90	129	22	0.3	557	7.1	9.6	18	95	35	84	5.5	4.1	2.2	—	—	—	0.5	0.4	0.3	6.2	8.0	13.5	3.6	4.9	8.9	0.4	
Karur Vysya Bank	ADD	92	110	20	74	1.0	799	3.2	13.4	14.3	(33)	318	7.0	29	6.9	6.4	—	—	—	1.4	1.2	1.0	3.7	14.4	13.9	0.9	3.6	4.0	1.3	
Punjab National Bank	ADD	82	85	4	304	4.3	2,761	(18)	12.9	14.0	59	170	8.8	NM	6.4	5.8	—	—	—	1.8	1.1	0.9	NM	11.4	11.0	—	—	—	25	
RBL Bank	SELL	579	500	(14)	246	3.5	420	21	29	34	40	34	20	27	20	16.9	—	—	—	3.4	3.0	2.7	12.7	15.1	16.0	0.6	0.7	0.9	12.9	
State Bank of India	BUY	302	370	23	2,692	37.9	8,925	7.5	39	52	202	424	33	40	7.7	5.8	—	—	—	1.9	1.4	1.1	3.0	14.5	16.5	0.1	0.1	0.2	88	
Ujivan Financial Services	BUY	293	350	19	35	0.5	121	16	25	31	2,648	54	24	17.9	11.6	9.4	—	—	—	1.9	1.6	1.4	10.7	14.7	16.0	0.5	0.9	1.2	9.8	
Union Bank	ADD	94	90	(4)	110	1.5	1,169	7.9	31	43	118	294	39	11.9	3.0	2.2	—	—	—	1.3	0.8	0.5	4.0	14.4	17.5	1.3	5.0	6.9	12.8	
YES Bank	SELL	203	190	(6)	469	6.6	2,303	18	19	24	(2.8)	6.5	25	11.4	10.7	8.6	—	—	—	1.7	1.5	1.3	15.0	14.2	15.7	1.5	1.			

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo	
		15-Jan-19	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	(US\$ mn)	
<b>Building Products</b>																														
Astral Poly Technik	SELL	1,137	640	(44)	136	1.9	120	18	22	26	20	25	17	65	52	44	34	28	24	11	8.9	7.5	18.3	18.7	18.3	0.1	0.1	0.1	1.1	
<b>Building Products</b>	<b>Cautious</b>				<b>136</b>	<b>1.9</b>					<b>20</b>	<b>25</b>	<b>17</b>	<b>64</b>	<b>51</b>	<b>44</b>	<b>34</b>	<b>28</b>	<b>24</b>	<b>11</b>	<b>8.8</b>	<b>7.4</b>	<b>16.4</b>	<b>17.2</b>	<b>16.9</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>1.1</b>	
<b>Capital goods</b>																														
ABB	SELL	1,293	1,040	(20)	274	3.9	212	28	31	38	39	12.5	22	47	42	34	28	26	21	6.7	6.0	5.3	15.2	15.2	16.3	0.4	0.5	0.6	6.2	
Ashoka Buildcon	BUY	135	200	48	38	0.5	282	9.6	10.4	10.5	13.6	8.3	1.1	14.1	13.0	12.9	9.4	8.4	7.7	1.7	1.5	1.4	12.9	12.2	11.2	1.3	1.0	1.0	0.5	
BHEL	REDUCE	68	—	12	251	3.5	3,482	3.0	5.0	6.7	28	70	34	23	13.6	10.1	11.3	6.8	4.9	0.8	0.7	0.7	3.2	5.6	7.3	2.7	4.5	6.1	14.3	
Carborundum Universal	SELL	362	315	(13)	69	1.0	189	14.3	17	20	26	21	14.5	25	21	18.3	14	11.4	9.8	3.9	3.5	3.1	16.4	17.8	18.2	1.2	1.4	1.6	0.4	
CG Power and Industrial	BUY	45	67	50	28	0.4	627	3.0	4.8	7.0	273	59	45	14.7	9.2	6.3	6.3	4.5	3.4	1.1	1.0	0.9	7.1	11.1	14.8	—	—	—	4.1	
Cummins India	REDUCE	878	700	(20)	243	3.4	277	27	33	37	12.3	21	14.2	32	27	23	26	22	19	5.7	5.4	5.0	18.3	21	22	1.7	2.0	2.3	7.4	
Dilip Buildcon	BUY	392	855	118	54	0.8	137	52	57	69	11.5	9.2	23	7.6	6.9	5.7	4.6	4.0	3.3	1.7	1.4	1.1	25	22	21	0.3	0.3	0.4	2.6	
IRB Infrastructure	BUY	158	260	65	55	0.8	351	30	32	20	32	6.8	(36.3)	5.3	5.0	7.8	6.4	7.0	8.5	0.8	0.7	0.7	17.0	15.7	9.1	2.0	2.4	2.6	4.4	
Kalpataru Power Transmission	BUY	372	540	45	57	0.8	153	30	36	42	55	18	19	12.4	10.5	8.8	6.7	5.5	4.7	1.8	1.6	1.4	16.0	16.3	16.7	0.4	0.4	0.4	0.5	
KEC International	BUY	276	380	38	71	1.0	257	20	26	32	13.7	28	23	13.5	10.6	8.6	8.0	6.6	5.5	2.9	2.3	1.9	24	24	24	0.8	1.0	1.2	1.4	
L&T	BUY	1,341	1,530	14	1,880	26.5	1,401	68	67	75	32	(1.8)	12.3	19.6	20.0	17.8	17	17	15	3.2	2.9	2.7	17.6	15.3	15.6	1.7	1.7	1.9	41	
Sadbhav Engineering	BUY	220	340	54	38	0.5	172	14.7	18	19	13.9	26	3.1	15.0	11.9	11.6	11.0	8.6	7.4	1.8	1.6	1.4	12.7	14.1	12.8	—	—	—	0.7	
Siemens	SELL	1,063	920	(13)	379	5.3	356	28	33	39	13.1	17	18	37	32	27	22	19	16	4.2	3.9	3.5	11.7	12.6	13.7	0.7	0.9	1.0	11.5	
Thermax	REDUCE	1,121	970	(14)	134	1.9	113	28	38	43	38	33	13.6	39	30	26	28	21	18	28	21	18	11.3	13.9	14.3	0.7	0.9	1.0	0.8	
<b>Capital goods</b>	<b>Neutral</b>				<b>3,570</b>	<b>50.3</b>					<b>29</b>	<b>9.9</b>	<b>13.5</b>	<b>21</b>	<b>19.1</b>	<b>16.8</b>					<b>2.7</b>	<b>2.4</b>	<b>2.2</b>	<b>12.7</b>	<b>12.8</b>	<b>13.3</b>	<b>1.4</b>	<b>1.6</b>	<b>1.9</b>	<b>754</b>
<b>Commercial &amp; Professional Services</b>																														
SIS	REDUCE	763	855	12	56	0.8	73	28	34	41	26	21	19	27	22	18.7	16	13	11.1	4.7	3.9	3.3	18.8	19.2	19.3	0.3	0.4	0.5	0.5	
TeamLease Services	SELL	2,857	1,925	(33)	49	0.7	17	59	76	99	37	29	30	49	38	29	49	38	29	9.0	7.3	5.8	20	21	22	—	—	—	0.5	
<b>Commercial &amp; Professional Services</b>	<b>Cautious</b>				<b>105</b>	<b>1.5</b>					<b>32</b>	<b>24</b>	<b>23</b>	<b>34</b>	<b>27</b>	<b>22</b>	<b>24</b>	<b>19</b>	<b>15</b>	<b>6.0</b>	<b>4.9</b>	<b>4.1</b>	<b>17.7</b>	<b>18.2</b>	<b>18.5</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>1.0</b>	
<b>Commodity Chemicals</b>																														
Asian Paints	REDUCE	1,406	1,140	(19)	1,349	19.0	959	24	30	35	17	24	18	59	47	40	37	29	25	14	13	11	26	28	29	0.8	1.0	1.2	29	
Tata Chemicals	ADD	695	760	9	177	2.5	256	42	50	57	(19)	19	12.9	16.5	13.8	12.3	7.2	5.9	5.0	1.5	1.4	1.3	9.3	10.3	10.9	2.2	2.4	2.4	5.6	
<b>Commodity Chemicals</b>	<b>Neutral</b>				<b>1,526</b>	<b>21.5</b>					<b>(5.4)</b>	<b>23</b>	<b>16</b>	<b>45</b>	<b>37</b>	<b>32</b>	<b>26</b>	<b>21</b>	<b>18</b>	<b>7.1</b>	<b>6.5</b>	<b>5.9</b>	<b>15.6</b>	<b>17.5</b>	<b>18.5</b>	<b>0.9</b>	<b>1.1</b>	<b>1.3</b>	<b>35</b>	
<b>Conglomerate</b>																														
Godrej Industries	RS	527	—	—	177	2.5	336	16	20	0.0	8.9	24		33	27		28	31		4.3	3.8		13.9	15.1		0.3	0.3		3.8	
<b>Conglomerate</b>	<b>Neutral</b>				<b>177</b>	<b>2.5</b>					<b>8.9</b>	<b>24</b>		<b>33</b>	<b>27</b>		<b>28</b>	<b>31</b>		<b>4.3</b>	<b>3.8</b>		<b>13.1</b>	<b>14.2</b>		<b>0.3</b>	<b>0.3</b>		<b>3.8</b>	
<b>Construction Materials</b>																														
ACC	SELL	1,483	1,250	(16)	279	3.9	188	58	67	78	19	16	16	26	22	19.0	13	11.5	9.8	2.8	2.5	2.3	11.2	12.0	12.7	1.1	1.1	1.1	14.3	
Ambuja Cements	REDUCE	217	195	(10)	430	6.1	1,986	7.7	9.7	11.3	1.8	26	17	28	22	19.2	9.1	7.4	6.2	2.0	1.9	1.8	7.2	8.8	9.7	1.7	1.7	1.7	12.6	
Dalmia Bharat	ADD	—	2,335	—	—	0.0	192	15.0	36	48	0.8	140	33	NM	NM	NM	1.7	1.4	1.0	0.0	0.0	0.0	2.7	6.3	7.9	—	—	—	2.3	
Grasim Industries	ADD	816	1,030	26	536	7.6	657	77	85	96	63	9.9	13.1	10.6	9.6	8.5	6.8	6.6	5.9	0.9	0.8	0.8	8.7	8.9	9.3	0.7	0.7	0.7	18.0	
India Cements	REDUCE	88	102	16	27	0.4	308	3.8	7.0	9.1	16	85	29	23	12.5	9.7	7.9	6.5	5.9	0.5	0.5	0.5	2.2	4.0	5.0	1.1	1.1	1.1	8.2	
J K Cement	ADD	715	800	12	55	0.8	70	45	70	69	4.1	55	(1.0)	15.9	10.3	10.4	10.3	9.2	7.5	2.2	1.9	1.6	15.0	20	16.9	1.1	1.1	1.1	0.5	
JK Lakshmi Cement	ADD	309	320	4	36	0.5	118	4.6	23	31	3.5	386	39	67	13.7	9.9	11.1	6.9	5.6	2.5	2.1	1.8	3.7	16.7	19.6	0.6	0.6	0.6	0.3	
Orient Cement	ADD	77	110	43	16	0.2	205	2.0	7.6	11.7	(7.8)	283	53	39	10.1	6.6	9.4	5.7	4.2	1.5	1.4	1.2	4.0	14.5	19.5	1.9	2.6	2.6	0.1	
Shree Cement	SELL	15,619	11,750	(25)	544	7.7	35	331	515	645	(17)	56	25	47	30	24	20	14	11.2	5.6	4.8	4.1	12.4	17.1	18.3	0.3	0.3	0.3	6.4	
UltraTech Cement	SELL	3,828	2,760	(28)	1,051	14.8	275	103	148	187	17	43	27	37	26	20	17	14	11.2	3.7	3.3	2.8	10.4	13.4	14.9	0.3	0.3	0.3	17.2	
<b>Construction Materials</b>	<b>Cautious</b>				<b>2,975</b>	<b>41.9</b>					<b>23</b>	<b>32</b>	<b>20</b>	<b>24</b>	<b>18.1</b>	<b>15.1</b>	<b>10.1</b>	<b>8.6</b>	<b>7.3</b>	<b>2.0</b>	<b>1.8</b>	<b>1.6</b>	<b>8.3</b>	<b>10.0</b>	<b>10.9</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>80</b>	

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo		
		15-Jan-19	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	(US\$ mn)		
<b>Consumer Durables &amp; Apparel</b>																															
Crompton Greaves Consumer	SELL	226	190	(16)	141	2.0	627	6.0	7.2	8.5	16	21	17	38	31	27	23	20	17	13	9.7	7.5	39	35	32	0.9	1.1	—	1.5		
Havells India	SELL	681	490	(28)	426	6.0	625	13.3	17	19	20	25	18	51	41	35	33	26	22	10	8.9	7.7	21	23	24	0.7	0.8	1.0	11.7		
Page Industries	SELL	23,761	22,300	(6)	265	3.7	11	410	501	599	32	22	20	58	47	40	37	31	25	24	19	15	47	45	43	0.7	0.9	1.1	17.0		
TCNS Clothing Co.	BUY	722	740	2	44	0.6	64	20	22	27	31	10.6	20	36	33	27	22	17	14	7.9	6.2	4.9	25	21	20	—	—	—	0.4		
Vardhman Textiles	ADD	1,084	1,300	20	62	0.9	56	119	130	141	(6.1)	9.1	8.5	9.1	8.3	7.7	6.9	6.4	5.7	1.1	1.0	0.9	12.9	12.8	12.6	1.8	2.8	2.8	0.3		
Voltas	SELL	531	490	(8)	176	2.5	331	17	19	22	(3.7)	11.5	20	32	29	24	24	21	17	4.1	3.7	3.3	13.4	13.5	14.5	0.6	0.7	0.8	10.5		
Whirlpool	SELL	1,460	1,220	(16)	185	2.6	127	35	41	49	26	19	17	42	35	30	26	21	18	8.6	7.2	6.3	22	22	22	0.4	0.6	1.0	1.0		
<b>Consumer Durables &amp; Apparel</b>	<b>Cautious</b>				<b>1,300</b>	<b>18.3</b>							<b>11.6</b>	<b>18</b>			<b>38</b>	<b>32</b>	<b>27</b>	<b>24</b>	<b>20</b>	<b>17</b>	<b>6.8</b>	<b>6.0</b>		<b>18.2</b>	<b>18.7</b>	<b>19.0</b>	<b>0.7</b>	<b>0.9</b>	<b>42</b>
<b>Consumer Staples</b>																															
Bajaj Consumer Care	ADD	386	405	5	57	0.8	148	15	17	19	7.8	10.1	9.1	25	23	21	20	17	15	12	12	12	47	53	57	3.6	3.6	3.9	0.4		
Britannia Industries	ADD	3,184	3,063	(4)	765	10.8	240	51	63	75	21	24	20	63	51	43	41	34	28	18	15	12	32	32	31	0.5	0.7	0.9	13.3		
Colgate-Palmolive (India)	ADD	1,324	1,185	(11)	360	5.1	272	27	32	37	16	15	16	48	42	36	28	24	21	21	18	16	46	47	47	1.2	1.4	1.7	9.3		
Dabur India	REDUCE	426	345	(19)	753	10.6	1,762	8.7	10.0	11.5	11.8	15	14.8	49	43	37	41	35	30	13	12	10	27	29	29	0.9	1.1	1.3	18.6		
GlaxoSmithKline Consumer	RS	7,505	—	—	316	4.4	42	212	235	260	27	10.8	10.5	35	32	29	25	22	19	8.0	7.2	6.5	24	24	24	1.2	1.4	1.7	4.2		
Godrej Consumer Products	REDUCE	781	645	(17)	799	11.2	1,022	16	18	21	11.4	14.8	15	49	43	37	35	30	26	10	9.1	8.0	23	23	23	0.7	0.8	0.9	10.4		
Hindustan Unilever	REDUCE	1,790	1,530	(15)	3,874	54.6	2,160	29	34	38	19	16	13.0	61	53	47	43	37	33	48	40	34	83	83	79	1.2	1.3	1.5	38		
ITC	ADD	297	330	11	3,631	51.1	12,275	9.8	11.1	12.4	9.9	12.8	12.5	30	27	24	20	17	15	6.6	6.2	5.8	21	22	24	1.9	2.3	2.6	4.2		
Jyothy Laboratories	ADD	198	210	6	73	1.0	364	5.6	6.4	7.4	27	13.8	16	35	31	27	25	21	18	5.4	4.7	4.2	16.5	16.4	16.7	0.5	0.8	1.0	0.6		
Marico	ADD	381	350	(8)	492	6.9	1,291	7.0	8.7	10.2	11.8	24	17	54	44	37	38	31	26	18	16	15	34	40	42	1.2	1.4	1.6	10.0		
Nestle India	ADD	11,283	10,600	(6)	1,088	15.3	96	171	200	230	35	17	15	66	57	49	38	33	28	29	27	24	46	49	52	1.0	1.2	1.4	12.7		
Tata Global Beverages	ADD	214	240	12	135	1.9	631	7.7	9.0	10.1	4.7	17	13.1	28	24	21	16	14	12	1.9	1.8	1.7	6.8	7.6	8.3	1.4	1.6	1.9	6.3		
United Breweries	REDUCE	1,419	1,260	(11)	375	5.3	264	22	29	36	5.1	29	24	63	49	40	32	27	22	12	9.7	8.1	20	22	22	0.2	0.4	0.5	12.3		
United Spirits	REDUCE	604	540	(11)	439	6.2	727	10.9	13.9	17	43	28	25	56	43	35	33	27	22	13	8.7	6.1	27	24	21	—	0.3	0.4	14.9		
Varun Beverages	REDUCE	825	700	(15)	151	2.1	183	14.9	20	25	29	32	25	55	42	34	18	16	14	7.6	6.6	5.6	14.5	16.7	18.0	0.3	0.1	0.2	0.9		
<b>Consumer Staples</b>	<b>Cautious</b>				<b>13,308</b>	<b>187.4</b>							<b>16</b>	<b>16</b>	<b>14.4</b>	<b>45</b>	<b>39</b>	<b>34</b>	<b>30</b>	<b>26</b>	<b>22</b>	<b>12</b>	<b>11</b>	<b>9.7</b>	<b>27</b>	<b>28</b>	<b>28</b>	<b>1.2</b>	<b>1.4</b>	<b>1.7</b>	<b>194</b>
<b>Diversified Financials</b>																															
Bajaj Finance	REDUCE	2,604	2,200	(16)	1,505	21.2	575	66	88	114	52	33	29	40	30	23	—	—	—	7.8	6.3	5.1	22	24	25	0.3	0.3	0.4	7.7		
Bajaj Finserv	ADD	6,510	6,400	2—	1,036	14.6	159	240	303	375	37	26	24	27	22	17.4	—	—	—	4.2	3.6	3.0	17.4	18.0	18.7	0.2	0.2	0.2	19.9		
Bharat Financial Inclusion	NA	949	—	—	133	1.9	139	53	63	77	63	19	22	17.8	15.0	12.3	—	—	—	3.5	2.8	2.2	22	20	20	—	—	—	14.8		
Cholamandalam	ADD	1,191	1,425	20	186	2.6	156	83	101	126	42	21	24	14.3	11.8	9.5	—	—	—	3.2	2.6	2.1	23	23	23	0.8	1.0	1.3	6.1		
HDFC	ADD	1,992	2,150	8	3,425	48.2	1,676	53	62	73	(30)	17	19	38	32	27	—	—	—	4.6	4.2	3.8	13.1	13.6	14.8	1.0	1.2	1.4	8.1		
IIFL Holdings	REDUCE	471	470	(0)	150	2.1	319	30	34	39	4.3	12.9	17	15.8	14.0	12.0	—	—	—	2.3	2.0	1.8	16.8	16.1	16.6	1.4	1.5	1.8	1.5		
L&T Finance Holdings	ADD	141	145	3	282	4.0	1,996	12.0	13.6	15	63	13.4	13.7	11.8	10.4	9.1	—	—	—	2.1	1.8	1.5	18.1	18.4	18.0	1.4	1.8	1.7	17.5		
LIC Housing Finance	BUY	486	590	21	245	3.5	505	42	52	66	(3.5)	23	27	11.5	9.4	7.4	—	—	—	1.6	1.4	1.2	15.0	15.6	17.3	1.3	1.7	2.1	12.3		
Magma Fincorp	BUY	109	145	33	29	0.4	237	12.2	17	20	25	39	20	8.9	6.4	5.4	—	—	—	1.1	0.9	0.8	13.0	15.7	16.4	1.7	2.3	2.8	0.2		
Mahindra & Mahindra Financial	ADD	444	475	7	274	3.9	614	24	27	33	36	14.0	20	18.7	16.4	13.6	—	—	—	2.7	2.5	2.2	14.7	14.9	16.0	1.2	1.4	1.7	11.8		
Muthoot Finance	ADD	542	510	(6)	217	3.1	400	43	43	48	0.3	0.6	10.2	12.6	12.5	11.3	—	—	—	2.4	2.1	1.9	21	18.0	17.4	1.8	1.8	2.0	9.8		
PNB Housing Finance	REDUCE	890	975	10	149	2.1	167	58	68	81	(9.7)	17	20	15.4	13.1	10.9	—	—	—	2.1	1.9	1.6	14.2	14.4	15.4	0.4	0.4	0.4	4.1		
Shriram City Union Finance	ADD	1,698	1,875	10	112	1.6	66	142	158	189	41	11.8	19	12.0	10.7	9.0	—	—	—	1.9	1.7	1.5	15.8	15.6	16.2	1.1	1.2	1.4	0.3		
Shriram Transport	BUY	1,188	1,450	22	270	3.8	227	107	124	143	55	16	16	11.1	9.6	8.3	—	—	—	1.9	1.6	1.4	16.7	16.8	16.9	1.3	1.5	1.8	2.1		
<b>Diversified Financials</b>	<b>Neutral</b>				<b>8,014</b>	<b>112.8</b>							<b>7.7</b>	<b>19</b>	<b>21</b>	<b>25</b>	<b>21</b>	<b>17.4</b>				<b>3.7</b>	<b>3.3</b>	<b>2.8</b>	<b>14.8</b>	<b>15.5</b>	<b>16.3</b>	<b>0.8</b>	<b>0.9</b>	<b>1.1</b>	<b>277</b>

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo
		15-Jan-19	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	(US\$ mn)
<b>Electric Utilities</b>																													
CESC	BUY	689	790	15	91	1.3	133	89	106	114	1.6	19	8.4	7.8	6.5	6.0	6.7	6.0	5.5	0.7	0.7	0.6	8.6	10.7	10.7	1.9	1.9	1.9	8.4
JSW Energy	REDUCE	69	66	(4)	113	1.6	1,640	4.8	5.8	6.6	58	20	13.4	14.2	11.9	10.5	5.9	5.0	4.3	0.9	0.9	0.8	6.9	7.7	8.1	—	—	—	0.9
NHPC	ADD	26	30	17	262	3.7	10,260	2.8	2.9	3.7	16	4.3	26	9.0	8.7	6.9	7.7	7.5	6.5	0.8	0.8	0.8	9.5	9.6	11.5	6.2	5.9	7.7	1.7
NTPC	BUY	146	190	30	1,202	16.9	8,245	14.3	16	19	14.1	12.1	16	10.2	9.1	7.9	8.9	7.9	6.6	1.1	1.0	0.9	11.2	11.6	12.4	2.9	3.3	3.8	21
Power Grid	BUY	192	250	30	1,007	14.2	5,232	19	22	25	22	16	11.0	10.0	8.7	7.8	7.3	6.7	6.2	1.7	1.5	1.3	17.5	18.1	18.0	3.3	3.8	4.3	12.0
Tata Power	BUY	75	90	20	203	2.9	2,705	6.3	6.9	9.7	17	10.6	40	12.0	10.9	7.8	9.7	9.8	9.3	1.2	1.1	0.9	10.5	10.5	13.0	—	—	—	7.9
<b>Electric Utilities</b>	<b>Attractive</b>				<b>2,878</b>	<b>40.5</b>					<b>17</b>	<b>13.0</b>	<b>16</b>	<b>10.1</b>	<b>9.0</b>	<b>7.7</b>				<b>1.2</b>	<b>1.1</b>	<b>1.0</b>	<b>11.7</b>	<b>12.2</b>	<b>13.0</b>	<b>3.0</b>	<b>3.3</b>	<b>3.8</b>	<b>52</b>
<b>Fertilizers &amp; Agricultural Chemicals</b>																													
Bayer Cropscience	SELL	4,197	3,550	(15)	144	2.0	34	94	114	135	7.4	21	19	45	37	31	27	23	19	7.1	6.2	5.4	17.0	18.0	18.6	0.4	0.5	0.6	0.5
Dhanuka Agritech	ADD	424	500	18	21	0.3	49	25	28	31	(0.9)	9.1	10.5	16.6	15.2	13.8	12	10.4	9.0	2.9	2.5	2.2	18.4	17.6	17.1	1.3	1.4	1.6	0.2
Godrej Agrovet	ADD	495	580	17	95	1.3	189	13.0	18	22	12.9	35	0.0	38	28	23	21	16	13	5.0	4.3	0.0	13.9	16.3	17.4	0.4	0.5	0.7	0.6
Kaveri Seed	SELL	579	515	(11)	38	0.5	66	34	34	37	7.3	0.1	8.3	16.9	16.9	15.6	14	13	11.9	4.1	3.5	3.1	26	22	21	1.4	1.7	1.7	3.7
PI Industries	BUY	842	850	1	116	1.6	138	30	38	46	11.5	30	19	28	22	18.4	20	16	13	5.2	4.3	3.6	19.6	21	21	0.5	0.7	0.8	1.2
Rallis India	ADD	169	220	30	33	0.5	195	10.0	12.1	13.2	17	20	9.7	16.8	14.0	12.8	11.1	9.3	8.2	2.5	2.3	2.1	15.7	17.1	16.9	2.2	2.4	2.6	0.9
UPL	ADD	776	650	(16)	395	5.6	507	47	54	60	9.5	14.7	11.4	16.5	14.4	12.9	10.8	9.2	8.0	3.6	3.0	2.5	24	23	21	1.1	1.4	1.6	21
<b>Fertilizers &amp; Agricultural Chemicals</b>	<b>Attractive</b>				<b>842</b>	<b>11.9</b>					<b>9.7</b>	<b>17</b>	<b>13.6</b>	<b>21</b>	<b>18.3</b>	<b>16.1</b>	<b>14</b>	<b>11.7</b>	<b>10.1</b>	<b>4.2</b>	<b>3.6</b>	<b>3.0</b>	<b>19.6</b>	<b>19.5</b>	<b>18.9</b>	<b>0.9</b>	<b>1.1</b>	<b>1.2</b>	<b>28</b>
<b>Gas Utilities</b>																													
GAIL (India)	BUY	325	455	40	732	10.3	2,255	32	33	35	55	3.5	8.0	10.3	9.9	9.2	6.5	6.2	5.7	1.6	1.5	1.4	16.8	15.8	15.6	3.4	3.5	3.9	25
GSPL	SELL	170	180	6	96	1.3	564	17	14.4	13.6	39	(12.9)	(5.7)	10.3	11.8	12.5	4.4	4.5	4.4	1.6	1.5	1.3	17.1	13.2	11.2	1.5	1.3	1.2	1.0
Indraprastha Gas	SELL	272	240	(12)	191	2.7	700	12.0	13.7	15	16	14.0	11.5	23	19.9	17.9	14	12	10.9	4.7	4.1	3.7	22	22	22	1.0	1.4	1.8	7.3
Mahanagar Gas	ADD	900	930	3	89	1.3	99	56	60	64	16	7.7	5.4	16.1	14.9	14.1	9.3	8.5	7.8	3.7	3.3	3.1	25	24	23	2.5	3.0	3.5	3.5
Petronet LNG	BUY	215	280	30	322	4.5	1,500	16	18	21	15	14.3	12.9	13.5	11.8	10.4	8.9	7.6	6.4	3.0	2.7	2.5	23	24	25	3.7	4.2	5.3	9.1
<b>Gas Utilities</b>	<b>Attractive</b>				<b>1,430</b>	<b>20.1</b>					<b>38</b>	<b>5.4</b>	<b>8.3</b>	<b>12.1</b>	<b>11.5</b>	<b>10.6</b>	<b>7.4</b>	<b>6.9</b>	<b>6.2</b>	<b>2.1</b>	<b>1.9</b>	<b>1.8</b>	<b>17.6</b>	<b>16.8</b>	<b>16.6</b>	<b>3.0</b>	<b>3.2</b>	<b>3.7</b>	<b>46</b>
<b>Health Care Services</b>																													
Apollo Hospitals	ADD	1,329	1,230	(7)	185	2.6	139	24	29	35	190	17	23	54	47	38	21	19	16	5.3	4.9	4.5	10.1	10.9	12.4	0.5	0.5	0.7	11.1
Aster DM Healthcare	BUY	164	240	46	83	1.2	505	4.9	8.0	11.9	77	63	49	34	21	13.9	13	9.7	7.6	2.7	2.4	2.1	8.4	12.5	16.3	—	—	—	0.3
Dr Lal Pathlabs	REDUCE	996	910	(9)	83	1.2	83	24	28	34	17	18	22	42	35	29	25	21	17	8.8	7.4	6.2	23	23	23	0.5	0.6	0.7	1.5
HCG	BUY	201	270	35	18	0.2	85	(1.2)	1.0	3.7	(178)	179	281	NM	207	55	17	14	11.0	3.4	3.3	3.1	NM	1.6	5.9	—	—	—	0.3
Narayana Hrudayalaya	ADD	204	265	30	42	0.6	204	2.7	5.9	8.5	7.1	119	44	76	35	24	20	14	10.9	3.8	3.4	3.0	5.2	10.5	13.4	—	—	—	0.2
<b>Health Care Services</b>	<b>Attractive</b>				<b>410</b>	<b>5.8</b>					<b>69</b>	<b>40</b>	<b>36</b>	<b>49</b>	<b>35</b>	<b>26</b>	<b>19</b>	<b>15</b>	<b>12</b>	<b>4.5</b>	<b>4.1</b>	<b>3.6</b>	<b>9.2</b>	<b>11.6</b>	<b>13.9</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>13.5</b>
<b>Hotels &amp; Restaurants</b>																													
Coffee Day Enterprises	NR	283	—	—	60	0.8	211	7.6	10.1	12.5	127	34	24	37	28	23	12	10.6	9.8	2.4	2.2	0.0	6.5	8.1	9.2	—	—	—	0.6
Jubilant Foodworks	BUY	1,236	1,370	11	163	2.3	132	24	33	43	67	37	30	51	37	29	25	19	15	12	9.4	7.2	28	29	29	0.2	0.2	0.3	36
Lemon Tree Hotels	ADD	70	80	15	55	0.8	786	0.4	1.2	2.0	147	175	67	156	57	34	35	21	16	6.5	5.8	5.4	4.2	10.7	16.4	—	—	1.3	0.5
<b>Hotels &amp; Restaurants</b>	<b>Attractive</b>				<b>278</b>	<b>3.9</b>					<b>87</b>	<b>46</b>	<b>33</b>	<b>54</b>	<b>37</b>	<b>28</b>	<b>20</b>	<b>16</b>	<b>13</b>	<b>5.9</b>	<b>5.1</b>	<b>4.4</b>	<b>11.0</b>	<b>13.8</b>	<b>15.9</b>	<b>0.1</b>	<b>0.1</b>	<b>0.5</b>	<b>37</b>
<b>Insurance</b>																													
HDFC Standard Life Insurance	ADD	388	380	(2)	782	11.0	2,007	6.5	8.1	9.8	18	24	21	59	48	40	—	—	—	15	13	12	26	29	31	0.4	0.5	0.6	5.6
ICICI Lombard	SELL	872	650	(25)	396	5.6	454	26	31	37	35	23	16	34	28	24	—	—	—	7.3	6.2	5.2	23	24	24	0.7	0.8	1.0	6.2
ICICI Prudential Life	BUY	353	450	28	507	7.1	1,436	8.9	10.3	12.3	(21)	16	20	40	34	29	—	—	—	6.7	5.8	5.0	18.1	18.1	18.7	0.4	0.5	0.6	6.2
Max Financial Services	BUY	461	510	11	124	1.7	268	6.3	6.4	6.5	37	1.8	1.8	73	72	71	—	—	—	—	—	—	8.3	8.0	7.8	0.5	0.5	0.5	4.3
SBI Life Insurance	BUY	624	715	15	624	8.8	1,000	12.7	14.3	16	10.8	12.4	12.1	49	44	39	—	—	—	8.2	7.1	6.2	18.0	17.5	17.0	0.3	0.4	0.4	2.8
<b>Insurance</b>	<b>Attractive</b>				<b>2,432</b>	<b>34.2</b>					<b>6.9</b>	<b>18</b>	<b>17</b>	<b>47</b>	<b>40</b>	<b>34</b>				<b>8.7</b>	<b>7.6</b>	<b>6.6</b>	<b>18.6</b>	<b>19.1</b>	<b>19.4</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>25</b>

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo
		15-Jan-19	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	(US\$ mn)
<b>Internet Software &amp; Services</b>																													
Info Edge	ADD	1,680	1,660	(1)	205	2.9	121.6	26	33	40	16	28	21	64	50	42	49	37	30	7.7	6.9	6.2	13.4	14.5	15.8	0.5	0.5	0.6	4.8
Just Dial	ADD	478	610	27	32	0.5	67.4	28	30	32	33	5.1	8.2	16.9	16.1	14.9	9.5	8.3	7.1	3.4	2.8	2.4	19.3	19.1	17.6	0.6	0.6	0.7	15.2
<b>Internet Software &amp; Services</b>	<b>Attractive</b>				<b>237</b>	<b>3.3</b>					<b>20</b>	<b>19</b>	<b>17</b>	<b>47</b>	<b>40</b>	<b>34</b>	<b>35</b>	<b>28</b>	<b>24</b>	<b>6.6</b>	<b>5.9</b>	<b>5.2</b>	<b>14.0</b>	<b>14.9</b>	<b>15.3</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>20.0</b>
<b>IT Services</b>																													
HCL Technologies	ADD	948	1,100	16	1,320	18.6	1,409	74	78	81	18	5.6	4.5	12.9	12.2	11.7	8.4	7.6	6.9	2.9	2.5	2.3	25	22	20	0.9	3.3	3.5	29
Hexaware Technologies	REDUCE	320	360	13	95	1.3	302	20	23	25	20	13.6	12.3	16.1	14.1	12.6	12.0	9.3	8.1	4.2	3.6	3.1	28	27	26	2.5	2.5	3.1	7.3
Infosys	ADD	727	760	5	3,174	44.7	4,350	36	40	44	11.2	10.6	10.9	20	18.3	16.5	14	13	11.2	4.7	4.3	3.9	24	24	25	3.5	3.0	3.3	88
L&T Infotech	ADD	1,732	2,000	15	300	4.2	175	83	95	110	31	14.0	16	21	18.3	15.8	15	13	10.7	6.4	5.2	4.3	34	31	30	1.4	1.5	1.7	5.4
Mindtree	ADD	855	1,080	26	140	2.0	165	45	55	63	30	23	14.0	19.0	15.4	13.5	12	9.4	8.1	4.4	3.7	3.2	25	26	25	1.6	1.9	2.2	18.9
Mphasis	SELL	876	900	3	170	2.4	193	55	63	65	26	13.4	2.7	15.8	13.9	13.6	10.8	9.8	9.1	2.8	2.9	2.6	18.5	19.8	20	2.3	2.9	3.4	6.3
TCS	REDUCE	1,868	1,825	(2)	7,009	98.7	3,829	83	91	100	23	10.3	9.6	23	20	18.7	16	15	13	6.9	6.5	6.2	33	33	34	1.8	3.4	3.8	76
Tech Mahindra	ADD	706	865	22	623	8.8	891	48	56	64	11.9	18	14.1	14.8	12.5	11.0	8.7	7.0	5.9	2.8	2.4	2.1	21	21	20	1.3	1.5	1.6	29
Wipro	REDUCE	330	325	(1)	1,492	21.0	4,507	19	23	25	11.7	21	7.9	17.4	14.4	13.3	11.2	9.3	8.5	2.7	2.4	2.2	16.4	17.7	17.6	0.5	3.0	3.3	18.0
<b>IT Services</b>	<b>Cautious</b>				<b>14,324</b>	<b>201.7</b>					<b>15</b>	<b>11.2</b>	<b>9.4</b>	<b>19.4</b>	<b>17.5</b>	<b>16.0</b>	<b>13</b>	<b>11.9</b>	<b>10.7</b>	<b>4.6</b>	<b>4.2</b>	<b>3.9</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>1.9</b>	<b>3.1</b>	<b>3.4</b>	<b>278</b>
<b>Media</b>																													
DB Corp.	ADD	179	210	17	33	0.5	184	16	20	23	(6.4)	24	14.9	10.9	8.8	7.7	6.0	4.8	4.1	1.7	1.6	1.5	15.5	19.1	20	2.2	5.6	7.0	0.4
DishTV	ADD	36	51	42	66	0.9	1,925	1.0	2.4	3.2	329	140	32	36	14.8	11.3	3.6	2.9	2.4	13	9.7	6.8	40	75	71	—	—	—	4.5
Jagran Prakashan	REDUCE	113	110	(3)	34	0.5	311	10.0	11.1	12.7	3.5	10.8	15	11.3	10.2	8.9	4.9	4.4	3.8	1.8	1.8	1.7	15.0	17.2	19.3	4.4	8.0	8.0	0.2
PVR	RS	1,661	NA	-	78	1.1	47	37	51	65	38	37	28	45	33	26	16	13	10.8	6.5	5.5	4.6	15.5	18.3	19.8	0.2	0.3	0.4	8.0
Sun TV Network	REDUCE	580	670	16	228	3.2	394	35	37	41	22	6.8	10.5	16.6	15.5	14.0	11.0	10.2	8.8	4.5	4.2	3.9	29	28	29	3.5	3.9	4.3	14.7
Zee Entertainment Enterprises	REDUCE	457	430	(6)	439	6.2	960	17	20	22	14.7	15	11.9	27	23	21	16	14	12	5.1	4.5	4.0	20	21	20	1.0	1.2	1.5	25
<b>Media</b>	<b>Attractive</b>				<b>877</b>	<b>12.4</b>					<b>23</b>	<b>20</b>	<b>14.6</b>	<b>22</b>	<b>18.4</b>	<b>16.0</b>	<b>10.0</b>	<b>8.9</b>	<b>7.8</b>	<b>4.6</b>	<b>4.1</b>	<b>3.7</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>1.7</b>	<b>2.1</b>	<b>2.5</b>	<b>53</b>
<b>Metals &amp; Mining</b>																													
Hindako Industries	BUY	209	280	34	468	6.6	2,229	29	27	29	33	-6.9	7.9	7.2	7.7	7.2	4.9	4.8	4.4	0.8	0.7	0.6	11.2	9.4	9.3	0.6	0.6	0.6	29
Hindustan Zinc	REDUCE	273	245	(10)	1,154	16.2	4,225	20	20	23	(6.5)	-0.9	14.0	13.6	13.7	12.0	8.2	7.8	6.6	3.4	3.1	2.8	24	23	24	7.3	3.7	4.2	4.8
Jindal Steel and Power	REDUCE	147	165	12	142	2.0	968	5.3	7.4	15	163	39	106	28	19.9	9.7	6.4	6.2	5.4	0.5	0.5	0.4	1.7	2.3	4.7	—	—	—	27
JSW Steel	SELL	292	285	(2)	706	9.9	2,406	31	23	27	14.6	(25)	18	9.5	12.6	10.7	6.5	7.8	7.0	2.2	1.9	1.6	25	16.0	16.5	1.1	1.1	1.1	24
National Aluminium Co.	BUY	62	82	32	120	1.7	1,933	9.7	7.1	6.9	233	(26.1)	-3.2	6.4	8.7	9.0	2.8	3.9	4.1	1.1	1.1	1.1	17.3	12.5	12.1	9.7	9.7	9.7	6.2
NMDC	REDUCE	94	115	23	296	4.2	3,164	12.3	10.1	10.6	5.2	(19)	5.1	7.6	9.3	8.9	4.5	5.6	5.2	1.1	1.1	0.0	15.5	11.9	12.0	5.9	5.9	5.9	5.3
Tata Steel	ADD	475	610	28	538	7.6	1,205	90	81	93	34	(10.2)	15	5.3	5.9	5.1	5.2	5.9	5.5	0.9	0.8	0.7	17.3	14.2	14.9	2.1	2.1	2.1	61
Vedanta	BUY	199	290	46	739	10.4	3,717	19	30	32	-13.1	60	6.1	10.6	6.6	6.3	5.6	4.4	3.9	1.1	1.0	0.9	10.8	16.2	15.7	4.0	4.5	4.8	38
<b>Metals &amp; Mining</b>	<b>Attractive</b>				<b>4,164</b>	<b>58.6</b>					<b>16</b>	<b>-0.7</b>	<b>12.5</b>	<b>8.9</b>	<b>9.0</b>	<b>8.0</b>	<b>5.7</b>	<b>5.8</b>	<b>5.2</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>	<b>14.1</b>	<b>13.0</b>	<b>13.3</b>	<b>4.0</b>	<b>3.1</b>	<b>3.2</b>	<b>25</b>

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo
		15-Jan-19	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	(US\$ mn)
<b>Oil, Gas &amp; Consumable Fuels</b>																													
BPCL	REDUCE	342	275	(20)	741	10.4	1,967	30	33	36	(25)	10.0	8.1	11.3	10.3	9.5	8.3	7.4	6.8	1.8	1.7	1.5	16.6	16.8	16.6	3.5	3.9	4.2	28
Coal India	ADD	233	290	25	1,444	20.3	6,207	23	24	25	107	3.8	1.6	9.9	9.6	9.4	7.3	6.5	6.1	6.0	6.8	7.9	6.0	66	78	8.6	10.7	10.7	25
HPCL	SELL	242	185	(23)	368	5.2	1,524	28	27	29	(33)	(3.7)	7.6	8.6	9.0	8.3	7.7	8.2	8.1	1.4	1.3	1.2	17.1	15.1	15.1	4.7	4.6	4.9	29
IOCL	SELL	135	120	(11)	1,307	18.4	9,479	15	15	17	(25)	(2.1)	12.8	8.7	8.9	7.9	5.2	5.0	4.5	1.1	1.0	1.0	12.8	11.8	12.5	4.6	4.5	5.0	31
Oil India	BUY	175	200	14	199	2.8	1,135	22	26	26	(9.6)	15	1.2	7.8	6.8	6.7	5.2	4.5	4.5	0.7	0.6	0.6	8.9	9.8	9.4	5.1	5.9	6.0	3.8
ONGC	BUY	145	190	31	1,863	26.2	3,752	19	22	21	11.3	12.1	-3.4	7.5	6.7	6.9	3.8	3.4	3.3	0.8	0.7	0.7	10.7	11.3	10.3	4.7	5.2	5.2	24
Reliance Industries	SELL	1,130	1,070	(5)	6,685	94.1	5,922	67	78	88	13.9	17	12.7	16.8	14.4	12.8	11.5	9.6	8.1	2.0	1.8	1.6	11.8	12.3	12.3	0.6	0.6	0.6	142
<b>Oil, Gas &amp; Consumable Fuels</b>	<b>Attractive</b>				<b>12,607</b>	<b>177.5</b>					<b>5.7</b>	<b>10.0</b>	<b>6.7</b>	<b>11.8</b>	<b>10.7</b>	<b>10.1</b>	<b>7.5</b>	<b>6.7</b>	<b>6.1</b>	<b>1.6</b>	<b>1.4</b>	<b>1.3</b>	<b>13.3</b>	<b>13.5</b>	<b>13.3</b>	<b>2.8</b>	<b>3.2</b>	<b>3.3</b>	<b>282</b>
<b>Pharmaceuticals</b>																													
Aurobindo Pharma	ADD	787	785	(0)	461	6.5	584	41	59	67	-0.8	43	12.6	19.0	13.3	11.8	13	9.0	7.9	3.3	2.7	2.3	19.0	21	19.2	0.7	0.8	0.9	31
Biocon	SELL	648	345	(47)	389	5.5	601	9.5	15	19	53	61	21	68	42	35	33	22	19	6.2	5.6	5.0	9.6	13.9	14.3	0.5	0.8	1.0	18.4
Cipla	BUY	515	600	17	415	5.8	805	20	26	35	14.7	28	37	26	20.0	14.6	14	11.4	8.5	2.6	2.4	2.1	10.6	12.5	14.5	0.8	1.0	1.4	21
Dr Reddy's Laboratories	REDUCE	2,595	2,400	(8)	431	6.1	166	109	134	160	85	23	20	24	19.4	16.2	14	9.6	7.7	3.0	2.7	2.4	13.5	13.9	14.5	0.6	0.8	0.9	33
Laurus Labs	BUY	379	460	22	40	0.6	106	14.9	28	33	(6.1)	85	21	25	13.7	11.4	12	8.1	6.9	2.5	2.1	1.8	10.1	16.5	15.6	—	—	—	0.3
Lupin	REDUCE	850	830	(2)	384	5.4	450	27	37	48	(30)	39	30	32	23	17.8	16	11.0	8.6	2.6	2.4	2.1	8.5	10.8	12.0	0.5	0.6	0.8	23
Sun Pharmaceuticals	ADD	452	475	5	1,086	15.3	2,406	16	22	27	4.3	38	22	29	21	17.0	15	10.7	8.7	2.7	2.4	2.1	9.7	12.2	12.6	0.5	1.0	1.2	79
Torrent Pharmaceuticals	NR	1,892	—	—	320	4.5	169	46	61	78	14.3	32	28	41	31	24	17	15	13	6.2	5.4	4.7	15.0	17.4	19.3	0.7	0.9	1.2	5.8
<b>Pharmaceuticals</b>	<b>Neutral</b>				<b>3,525</b>	<b>49.6</b>					<b>8.3</b>	<b>37</b>	<b>23</b>	<b>29</b>	<b>21</b>	<b>17.0</b>	<b>15</b>	<b>11.2</b>	<b>9.2</b>	<b>3.1</b>	<b>2.8</b>	<b>2.4</b>	<b>11.0</b>	<b>13.4</b>	<b>14.4</b>	<b>0.6</b>	<b>0.9</b>	<b>1.1</b>	<b>211</b>
<b>Real Estate</b>																													
Brigade Enterprises	BUY	199	290	46	27	0.4	136	22	27	34	99	25	24	9.0	7.2	5.8	8.5	6.9	5.2	1.1	0.9	0.8	12.4	13.8	15.0	1.3	1.3	1.3	0.3
DLF	RS	186	—	—	332	4.7	1,784	7.5	6.9	14.3	(70)	-8.4	107	25	27	13.0	24	30	13	0.9	0.9	0.8	3.8	3.4	6.7	1.1	1.1	1.1	16.3
Godrej Properties	SELL	730	400	(45)	167	2.4	216	7.1	23	24	(35)	231	4.2	103	31	30	172	28	28	4.9	4.2	3.7	5.8	14.6	13.3	—	—	—	2.6
Oberoi Realty	BUY	452	460	2	164	2.3	340	46	34	57	265	(27)	66	9.7	13.3	8.0	10.8	16	5.7	1.8	1.6	1.3	21	12.5	18.0	0.4	0.4	0.4	2.5
Prestige Estates Projects	ADD	215	270	25	81	1.1	375	6.4	7.5	8.1	(35)	17	7.5	34	29	27	11.1	11.5	11.6	1.6	1.6	1.5	5.0	5.6	5.8	0.7	0.7	0.7	0.7
Sobha	REDUCE	475	474	(0)	45	0.6	95	23	36	24	2.4	52	(33)	20	13.3	19.8	11.4	8.7	10.8	2.1	1.9	1.8	9.0	14.8	9.1	1.5	1.5	1.5	1.0
Suntech Realty	REDUCE	336	360	7	49	0.7	140	17	17	38	8.9	3.6	123	20	19.5	8.7	15	14	5.7	1.7	1.5	1.3	8.5	8.2	16.2	0.3	0.3	0.3	1.2
<b>Real Estate</b>	<b>Neutral</b>				<b>866</b>	<b>12.2</b>					<b>(33)</b>	<b>1.9</b>	<b>58</b>	<b>21</b>	<b>21</b>	<b>13.1</b>	<b>17</b>	<b>17</b>	<b>10.4</b>	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>	<b>6.7</b>	<b>6.5</b>	<b>9.4</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>25</b>
<b>Retailing</b>																													
Aditya Birla Fashion and Retail	BUY	210	230	10	162	2.3	773	2.3	3.7	5.6	51	59	53	91	57	37	27	21	17	13	10	8.2	15.0	20	24	—	—	—	3.4
Avenue Supermarts	SELL	1,390	915	(34)	867	12.2	624	15	20	26	25	32	29	90	68	53	52	39	30	15	13	10	18.7	20	21	—	—	—	0.0
Titan Company	REDUCE	968	800	(17)	860	12.1	888	16	20	25	28	25	20	59	47	39	39	31	25	14	12	9.9	26	27	27	0.5	0.6	0.7	37
<b>Retailing</b>	<b>Cautious</b>				<b>1,889</b>	<b>26.6</b>					<b>28</b>	<b>30</b>	<b>26</b>	<b>73</b>	<b>56</b>	<b>44</b>	<b>42</b>	<b>33</b>	<b>26</b>	<b>15</b>	<b>12</b>	<b>9.8</b>	<b>20.0</b>	<b>21</b>	<b>22</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>40</b>
<b>Speciality Chemicals</b>																													
Castrol India	SELL	168	140	(17)	166	2.3	989	6.9	7.4	8.1	0.6	7.3	8.9	24	23	21	15	14	13	16	16	16	66	70	77	3.3	3.7	4.0	2.5
Pidlite Industries	REDUCE	1,169	915	(22)	594	8.4	508	20	24	28	6.2	22	18	60	49	41	39	33	28	14	12	10	26	27	27	0.6	0.7	0.8	9.4
S H Kelkar and Company	BUY	178	240	35	26	0.4	145	7.2	9.5	11.4	(3.4)	32	20	25	18.8	15.6	18	13	11.6	2.8	2.5	2.2	11.6	14.0	15.1	1.0	1.1	1.5	0.4
SRF	BUY	2,072	2,200	6	119	1.7	57	100	132	150	24	32	14.1	21	15.7	13.8	11.9	9.5	8.1	2.9	2.5	2.2	15.0	17.3	17.0	0.6	0.7	0.8	13.1
<b>Speciality Chemicals</b>	<b>Neutral</b>				<b>905</b>	<b>12.7</b>					<b>7.7</b>	<b>21</b>	<b>14.8</b>	<b>38</b>	<b>32</b>	<b>28</b>	<b>23</b>	<b>20</b>	<b>17</b>	<b>8.9</b>	<b>7.8</b>	<b>6.8</b>	<b>23</b>	<b>24</b>	<b>24</b>	<b>1.1</b>	<b>1.3</b>	<b>1.4</b>	<b>25</b>

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT 3mo
		15-Jan-19	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	(US\$ mn)
<b>Telecommunication Services</b>																													
Bharti Airtel	ADD	338	360	7	1,350	19.0	3,997	(8.5)	(9.2)	(4.2)	NM	NM	NM	NM	NM	NM	9.9	8.9	7.5	2.2	2.5	2.8	NM	NM	NM	1.8	1.8	1.8	32
Bharti Infratel	REDUCE	280	270	(3)	517	7.3	1,850	13.2	12.8	14.3	(4.1)	(2.7)	11.6	21	22	19.5	8.0	8.2	7.4	3.2	3.2	3.1	14.7	14.6	16.0	3.8	3.8	4.2	9.7
Vodafone Idea	NR	36	—	—	317	4.5	4,359	(10.7)	(2.4)	(6.9)	NM	NM	NM	NM	NM	NM	33	12.0	10.4	0.5	0.7	0.7	NM	NM	NM	—	—	—	12.5
Tata Communications	ADD	516	580	12	147	2.1	285	(3.8)	2.9	5.0	NM	176	74	NM	178	103	9.9	9.0	8.3	NM	NM	932	NM	NM	NM	1.3	1.5	1.5	3.0
<b>Telecommunication Services</b>	<b>Cautious</b>				<b>2,331</b>	<b>32.8</b>					<b>NM</b>	<b>12.1</b>	<b>24</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>12</b>	<b>9.5</b>	<b>8.2</b>	<b>1.6</b>	<b>1.5</b>	<b>1.6</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>1.9</b>	<b>1.9</b>	<b>2.0</b>	<b>57</b>
<b>Transportation</b>																													
Adani Ports and SEZ	BUY	385	403	5	798	11.2	2,071	20	23	29	10.2	10.9	27	18.9	17.1	13.4	14	11.7	10.4	3.3	2.9	2.4	18.7	18.0	19.4	0.3	0.5	0.4	19.5
Container Corp.	SELL	682	590	(13)	332	4.7	487	20	24	28	9.2	21	16	34	28	24	20	17	14	3.3	3.1	2.9	10.0	11.3	12.2	1.4	1.7	1.6	8.2
Gateway Distriparks	BUY	111	195	76	12	0.2	109	7.4	5.8	8.5	(3.0)	(21)	46	15.0	19.0	13.0	18	7.3	6.2	1.1	1.9	1.7	7.6	7.4	13.8	—	2.7	2.7	0.3
Gujarat Pipavav Port	BUY	90	136	51	43	0.6	483	4.9	6.1	7.3	20	24	19	18.2	14.7	12.3	9.4	7.5	6.3	2.1	2.1	2.0	11.7	14.3	16.7	4.6	5.7	6.7	0.3
InterGlobe Aviation	BUY	1,083	1,220	13	416	5.9	383	(21)	36	82	(136)	271	124	NM	30	13.3	NM	17	6.9	6.6	5.5	4.0	NM	20	35	—	0.2	0.8	18.2
Mahindra Logistics	REDUCE	515	510	(1)	37	0.5	71	13.0	19	24	33	45	30	40	27	21	22	15	11.6	7.4	6.0	4.9	20	24	26	—	—	—	0.5
<b>Transportation</b>	<b>Attractive</b>				<b>1,638</b>	<b>23.1</b>					<b>(35)</b>	<b>62</b>	<b>43</b>	<b>34</b>	<b>21</b>	<b>14.8</b>	<b>21</b>	<b>13</b>	<b>9.7</b>	<b>3.7</b>	<b>3.3</b>	<b>2.8</b>	<b>10.9</b>	<b>15.6</b>	<b>18.8</b>	<b>0.6</b>	<b>0.8</b>	<b>0.9</b>	<b>47</b>
<b>KIE universe</b>					<b>107,279</b>	<b>1510.2</b>					<b>16</b>	<b>31</b>	<b>16</b>	<b>22</b>	<b>17.2</b>	<b>14.8</b>	<b>11.0</b>	<b>9.7</b>	<b>8.5</b>	<b>2.7</b>	<b>2.4</b>	<b>2.2</b>	<b>11.9</b>	<b>14.0</b>	<b>14.7</b>	<b>1.4</b>	<b>1.8</b>	<b>1.9</b>	
<b>KIE universe (ex-Oil, Gas &amp; Consumable Fuels)</b>					<b>94,672</b>	<b>1332.7</b>					<b>20</b>	<b>37</b>	<b>18</b>	<b>25</b>	<b>18.7</b>	<b>15.8</b>	<b>12</b>	<b>10.7</b>	<b>9.4</b>	<b>3.0</b>	<b>2.6</b>	<b>2.4</b>	<b>11.6</b>	<b>14.2</b>	<b>15.1</b>	<b>1.3</b>	<b>1.6</b>	<b>1.8</b>	

Notes:

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

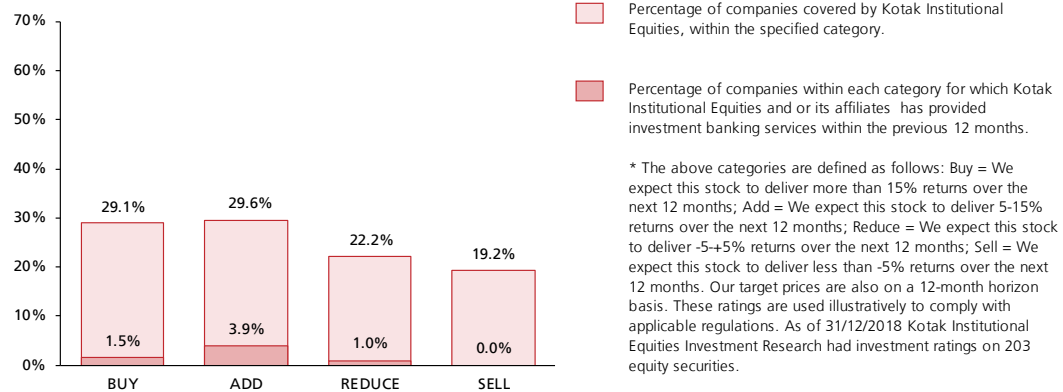
(b) 2019 means calendar year 2018, similarly for 2020 and 2021 for these particular companies.

(c) Exchange rate (Rs/US\$)= 71.02

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 December 31, 2018

**Ratings and other definitions/identifiers**

**Definitions of ratings**

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

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

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

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

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

**Other definitions**

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

**Other ratings/identifiers**

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

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

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

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

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

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

## Corporate Office

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

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

## Overseas Affiliates

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

Copyright 2019 Kotak Institutional Equities (Kotak Securities Limited). All rights reserved.

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

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

Kotak Securities Limited and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We along with our affiliates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our affiliates have investment banking and other business relationships with a significant percentage of the companies covered by our Investment Research Department. Our research professionals provide important input into our investment banking and other business selection processes. Investors should assume that Kotak Securities Limited and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may participate in the solicitation of such business. Our research professionals are paid in part based on the profitability of Kotak Securities Limited, which include earnings from investment banking and other business. Kotak Securities Limited generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, Kotak Securities Limited generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Kotak Securities Limited has two independent equity research groups: Institutional Equities and Private Client Group. This report has been prepared by the Institutional Equities Research Group of Kotak Securities Limited. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, target price of the Private Client Group.

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

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

Kotak Securities Limited established in 1994, is a subsidiary of Kotak Mahindra Bank Limited. Kotak Securities is one of India's largest brokerage and distribution house. Kotak Securities Limited is a corporate trading and clearing member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), Metropolitan Stock Exchange of India Limited (MSE), National Commodity and Derivatives Exchange (NCDEX) and Multi Commodity Exchange (MCX). Our businesses include stock broking, services rendered in connection with distribution of primary market issues and financial products like mutual funds and fixed deposits, depository services and Portfolio Management.

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

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

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

Details of Associates are available on website i.e. [www.kotak.com](http://www.kotak.com)

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

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

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

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

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

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

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

Nature of financial interest is investment banking and/or other business relationships

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

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

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

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

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

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

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

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

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

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

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

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

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