Banking to rule the roost in Q4…

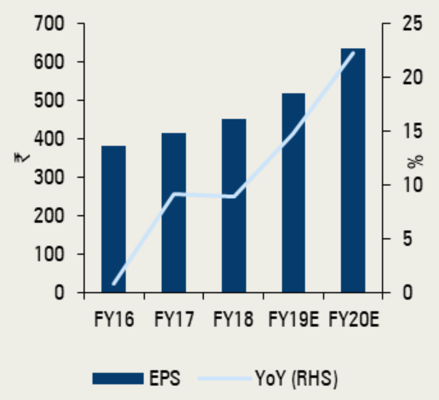
April 8, 2019

The Q4FY19 earnings season is likely to be an interesting one with topline and bottomline growth in Sensex companies expected at 6.9% and 21.6% YoY, respectively. Key highlights for the quarter include a revival in performance of the banking sector with equity infusion, pick-up in advances and decline in slippages (both YoY & QoQ). Overall, the sector is likely to witness strong performance with 24.1% YoY NII growth and 10.6% YoY increase in PPP (pre-provisioning profit) growth. Sector wise, we expect banking and cement to outperform. In the defensives domain, IT, FMCG and pharma are expected to deliver steady growth of 10-16% YoY. Capital Goods is likely to outperform with continued strong execution (~11% YoY growth). Sectors like oil & gas are likely to deliver stable growth. On the other hand, sectors like auto and metals are likely to underperform with muted topline and bottomline performance.

In the banking space, we expect coverage companies to deliver healthy NII growth of 24.1% YoY. Both public and private sector banks are likely to deliver strong performance (NII growth of 23.5% and 24.6%, respectively), led by decelerating provisions and improving operational performance YoY. Large banks like SBI and Axis bank are likely to return in green in Q4FY19E. SBI is likely to post ₹ 2940 crore profit vs. loss of ₹ 7717 crore YoY. Axis Bank is also likely to post profit of ₹ 1036 crore vs. loss of ₹ 2188 crore.Q4FY19 witnessed six banks moving out of PCA. MCLR repricing and rising CD ratio is also likely to support performance in Q4FY19E. In the cement space, our coverage universe is likely to report revenue and EBITDA growth of 11% YoY and 15.8% YoY, respectively, led by healthy realisations (EBITDA/t expected to expand 7.5% YoY) and improving volume growth for the quarter. In the capital goods sector, Q4FY19E has been the quarter of strong order inflows (L&T, BEL inflows of ₹ 47000 crore and ₹ 6700 crore, respectively). On the defensive side, we expect the IT space to deliver 16.2% topline growth led by growth in the digital sector and ramp up of deal wins in 9MFY19. In the FMCG pack, we expect organic volume growth to moderate to 6-8% across companies. This coupled with falling rising input costs will lead to <10% bottomline growth. In the pharma space, Q4FY19E results are expected to be steady on the back of new launches and continuing recovery in the US.

Overall, we expect earnings momentum to continue in Q4FY19E. This coupled with stable currency amid increase in crude price, softening system interest rates (controlled inflation), and resolution of stressed asset will lead to healthy 20+% earnings CAGR in FY19-21E.

Trend in Nifty EPS



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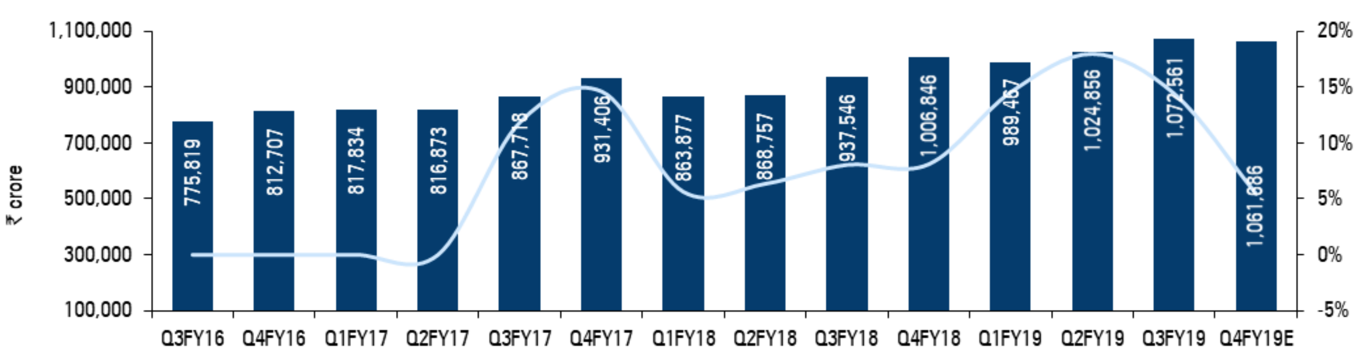
Trend in revenue growth of I-direct coverage universe (ex- BFSI)

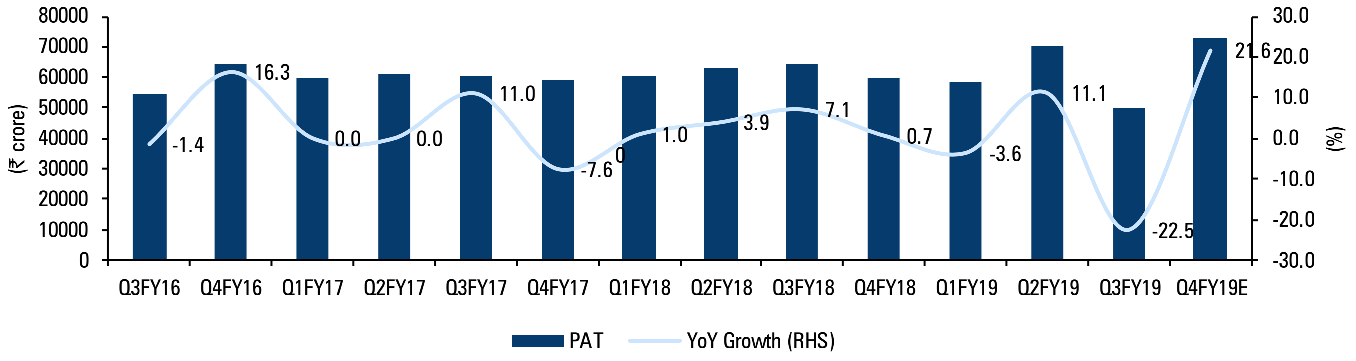


Source: ICICI Direct Research, Company

Performance of Sensex companies

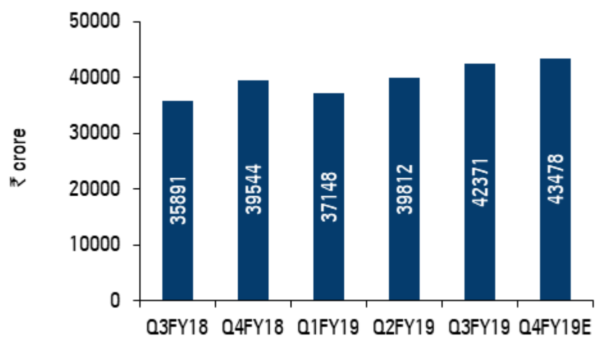
- **For Q4FY19E, we expect Sensex earnings to register modest topline but healthy bottomline growth of 6.9% and 21.6%, respectively.** This is mostly due to reversal to profitability of large banks (SBI and Axis), led by lower credit costs. Both SBI and Axis bank are likely to return in green in Q4FY19E. SBI is likely to post ₹ 2940 crore profit vs. loss of ₹ 7717 crore YoY. Axis Bank is also likely to post profit of ₹ 1036 crore vs. loss of ₹ 2188 crore. Banks in Sensex are likely to deliver profitability growth of ~59% YoY. On the flip side, companies that will report subdued earnings include Tata Motors (revenue and EBITDA decline of 5.4% and 24.4% YoY respectively) and Vedanta (revenue and EBITDA decline of 16.9% and 30.1% YoY respectively). Tata Motors is likely to report muted performance due to continued decline in volumes (-12.5%) on JLR front in addition to headwinds from the domestic market. Vedanta subdued performance is attributable to lower realizations, amid decline in prices of major raw materials.
- Other companies that are expected to deliver steady performance include L&T and IT majors like TCS, Infosys and HCL technologies. While the engineering major is expected to report topline and EBITDA growth of 14% and 15.4%, we expect IT giants to deliver revenue and operating profit of 17-21% and 9-21% respectively.

Exhibit 1: Trend in Sensex PAT



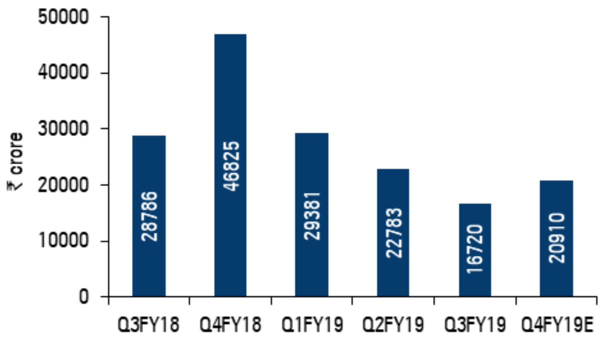
Source: Company, ICICI Direct Research

Exhibit 2: Pre provisioning profit (PPP) of banks



Source: Company, ICICI Direct Research

Exhibit 3: Provisions of banks



Source: Company, ICICI Direct Research

Our coverage universe expectations

- Ex BFSI, revenue and EBITDA of our I-direct coverage are expected to grow 5.6% and 5.5% YoY, respectively. Muted growth is mostly on account of weak performance in the auto segment. The auto sector is likely to report subdued numbers with revenue, EBITDA and PAT declining 2.8% YoY, 18.7% YoY and 33.4% YoY, respectively. This is primarily due to weak volume growth for major OEMs coupled with inventory build-up in the system. Oil and gas sector is likely to report flattish topline (2.4% YoY) but reasonable EBITDA growth (28.9% YoY) with OMCs reporting better performance on high marketing margins and city gas distribution companies continuing to show their steady growth. In the metals pack, the aggregate topline growth of coverage companies (ex-coal India) may remain flattish (1.5% QoQ and 1% YoY). However weakness in non-ferrous prices will lead to aggregate EBITDA declining 7% QoQ. For Q4FY19, capital goods companies are likely to witness stable execution with revenue growth of 11.9% YoY. Our coverage capital goods companies have registered steady order inflows worth ~₹ 60,000 crore led by order uptake in L&T and BEL

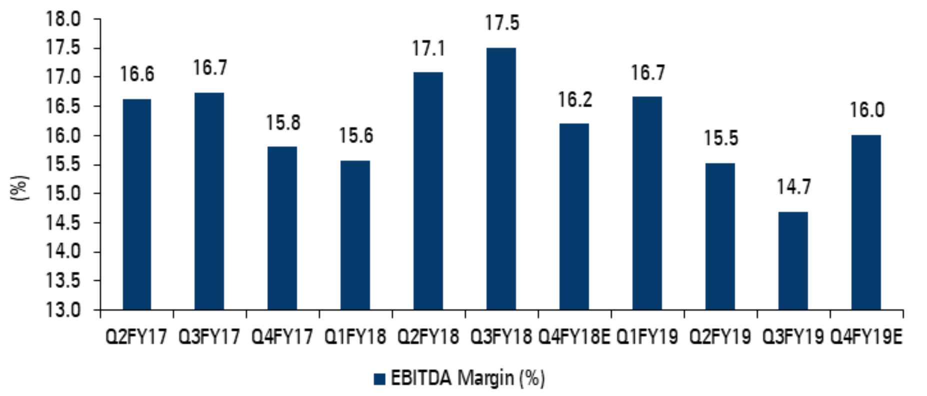
- For the banking sector, a healthy operational performance, led by traction in NII, and steady credit cost may lead to PAT growth. Healthy balance sheet growth and focus on asset quality may lead to 76% YoY jump in earnings for private banks under our coverage. Led by higher operational earnings and lower provisions, PSBs are seen posting profits in Q4FY19 compared to loss in Q4FY18. MCLR repricing and rising CD ratio are seen offsetting pressure of hike in deposit rates on margins. Continued moderation in slippages in Q4FY19E may lead to steady margins, with upward bias in case of PSBs. For our coverage universe, we expect NII growth at 24.1% YoY to ₹ 63061 crore, led by 24.6%YoY and 23.5% YoY traction in NII of private and PSBs, respectively. On asset quality, moderation in slippages and higher recoveries (especially in smaller accounts) may pare down GNPA accretion. For our coverage universe, we expect first yearly decline in GNPA at 9% YoY to ~₹ 322011 crore in Q4FY19E. Provision in lieu of IL&FS exposure and ageing of NPA may keep elevated

- For capital goods companies, Overall Q4FY19 has been a reasonable quarter in terms of order inflows for capital goods companies despite front loading in 9MFY19 and cautious stance ahead of upcoming general elections. L&T and BEL received which received strong order inflows in excess of ₹ 47000 crore and ₹ 6700 crore respectively across the segments setting the tone for strong execution next year. While EPC companies are expected to report strong topline growth, revenue, EBITDA (Ex-BEL, Bhel) is expected to grow by 14.0%, 14.6% respectively. Overall product companies are expected to report mix performance with bearing companies like SKF, Timken and NRB to report topline in the range of 9-12% while AIA engineering and greaves cotton to post mixed performance owing to expected subdued volumes.

- In the Building Materials space, we see strong tailwinds for organized players in the ceramic tiles industry. The recent NGT's ban on ceramic units running on coal-based gasifiers could impact 400-500 units in Morbi. The shift from coal based to gas based units could also escalate production cost of such units by 10-15%. Eventually, this should lead to hike in product prices and bridge the price gap between organized and organized players. This, coupled with falling gas price should result better financial performance for Kajaria and Somany. Overall, we expect Kajaria's bottomline to grow by 21.2% YoY to ₹ 79.9 crore, while Somany's bottomline is expected to grow by 86.1% QoQ to ₹ 17.0 crore.

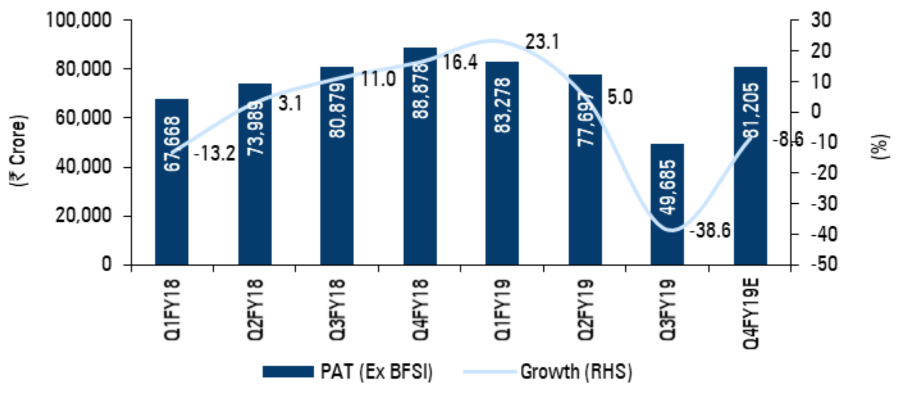
- For Q4FY19E, auto industry suffered from subdued volume offtake during the quarter, carrying on from Q3FY19. Lacklustre retail demand sentiment manifested in spiralling dealer inventory levels, with most of the OEM pack concentrating on liquidating the same by offering heavy discounts. For our auto & auto ancillary coverage universe, we expect the total topline to decline 2.8% YoY tracking the ~3% volume decline in the OEM space for the quarter. PAT for our coverage universe is expected to drop 33.4% YoY. Operating margins of our universe are expected to be aided by the pass through of softer raw material prices from Q3FY19, thereby coming in at 11.7%, up 110 bps sequentially (down 220 bps YoY). Ex-Tata Motors, our coverage universe is expected to post flat topline growth YoY, EBITDA margins of 12.9% and bottomline de-growth of 15.5% YoY. We expect auto OEMs to lag the auto ancillary space. In the OEM space, topline and bottomline de-growth is expected at 3.8% & 37.1%, respectively, while in the ancillary pack, topline and bottomline growth is expected at 1.2% & -19.5%, respectively.

Exhibit 4: Trend in EBITDA margins of I-direct coverage universe (ex- BFSI)



Source: Company, ICICI Direct Research

Exhibit 5: Trend in coverage PAT



Source: Company, ICICI Direct Research

Defensives: Stable performance in Q4FY19E

(Sector composition: IT, FMCG, healthcare, consumer discretionary)

Key highlights:

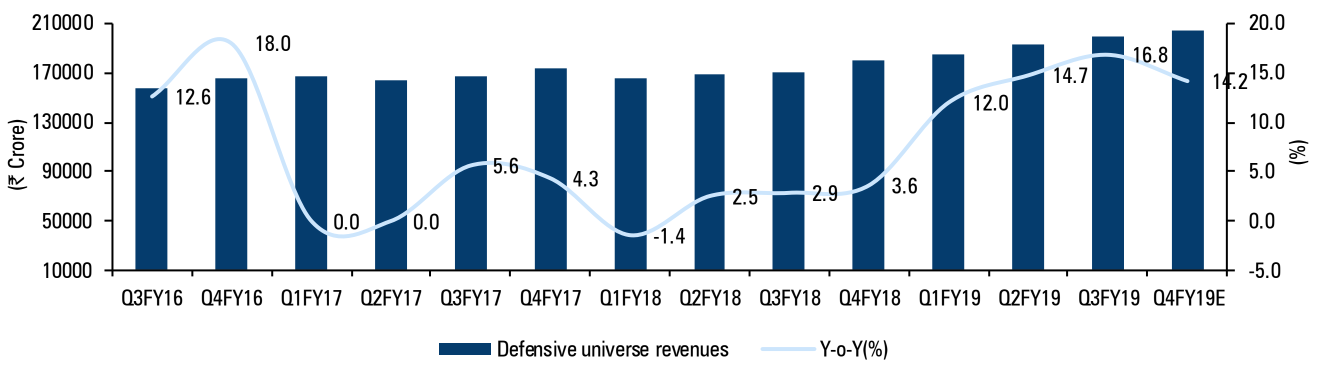
- We expect the stable demand trend to continue in the defensives space in Q4FY19E. Our I-direct defensive universe is likely to report revenue growth of 10-16% YoY. IT is likely to be the better sector within this space, primarily due to improving deal wins, higher share of digital segment and reducing pressure on legacy business. The FMCG sector is likely to report organic volume driven (6-8%) revenue growth mainly on the back of strengthening rural incomes, higher pre-election spends by the government, new launches across segments. The I-direct healthcare universe is expected to register 13% YoY growth mainly on the back of decent growth across segments- formulations, APIs and CRAMs. In our consumer discretionary universe, we expect and paints and adhesive segment to do well, with revenue growth of 15-17% and EBITDA growth of 21-22%. Overall, we expect our I-direct defensive universe is margins of 22.7% on a topline growth of 14.2%. We expect PAT growth of 9.8% for the quarter.

- In the IT space, ramp up of deal wins in 9MFY19 and healthy digital growth is expected to drive IT service revenues in Q4FY19E. Tier-1 IT companies is expected to report revenue growth of 1.5-2.4% QoQ in constant currency terms while mid-tier companies like NIIT Tech and Larsen & Turbo Infotech would lead the growth (2.5-4.0%) on the back of growth momentum in specific revenue segments. In terms of margins, Tier-1 IT companies are likely to report a decline of 20-40 bps QoQ in the EBIT margins on account of net currency negative impact of 30-40 bps coupled with variable pay, higher subcontracting cost and investment in sales and marketing. From the perspective of future outlook, IT companies commentary on outlook for FY20E from the angles of client spending and budgets, initiatives to propel digital, large deal wins and how companies manage margins amid increasing cost pressures and INR appreciation would be monitorable.

- Our FMCG universe has reported strong volume growth over last five quarters led by strong pick up in rural demand. We expect this growth momentum to continue, whereby sales is expected to grow by 10% YoY on the back of shift towards premiumisation trend across categories, naturals' space gaining traction, new launches across sectors in addition to higher election spend by the government closer to general elections in May 2019. We expect organic volume growth of 6-8% YoY across companies. Barring softening of few commodities such as palm oil, robusta on a YoY basis (palm oil down by 18%, robusta down by 15%), our FMCG universe is witnessing sharp rise in input cost prices over the last few months. Milk, barley, cocoa prices have increased by 25%, 30% and 15% respectively on a YoY basis. Sugar prices have remained flat (down marginally by 3% YoY). Crude oil prices (used for packaging) have been volatile since few months on global cues, which should result in operating margin contraction of 99 bps for our FMCG universe. Some of our FMCG universe companies would witness higher marketing spend towards Kumbh Mela event which would dent their operating margins. We estimate 7.4% YoY net profit growth for our coverage universe.

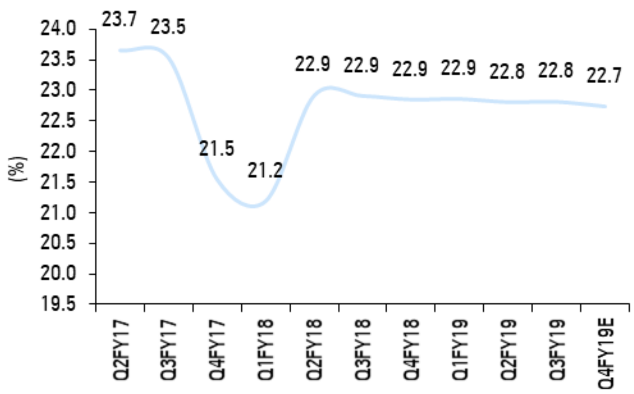
- I-direct healthcare universe is expected to register 13% YoY growth to ₹ 45915 crore mainly on the back of decent growth across segments- Formulations, APIs and CRAMs. Formulations growth is likely to be driven by 18.4% growth in the US (select pack) led by 1) growth in base business due to waning price erosion, 2) opportunities created by high profile exits, and 3) new launches (including limited competition launches) besides currency tailwinds. Domestic formulations (select pack) and Europe are expected to grow 9% and 16% respectively. APIs and CRAMs businesses are likely to grow strong mainly due to direct advantage of Chinese capacity constraints and strong order book besides currency tailwinds. On the hospitals front, growth is likely to be driven by newly commissioned hospitals. EBITDA of the I-direct healthcare universe is expected to grow a 13.2% YoY to ₹ 9373 crore. EBITDA margins are likely to remain at ~20%. Higher raw material cost due to raw material supply constraints from China and higher promotional cost of innovative products are likely to be offset by improvement in product mix and efficient cost control measures. Net profit growth is expected to be muted at ₹ 5026 crore. Delta vis-à-vis EBITDA is likely to be on the back of higher tax rate (22.6% vs 17.4% in Q4FY18) for the universe.

Exhibit 6: Trend in revenue growth of defensives



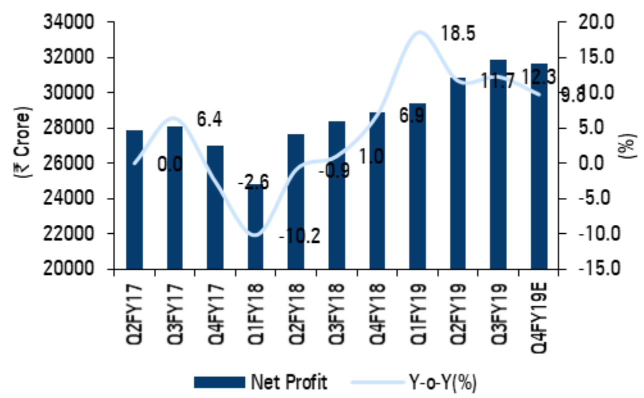
Source: Company, ICICI Direct Research

Exhibit 7: Trend in EBITDA margins



Source: Company, ICICI Direct Research

Exhibit 8: Trend in profitability



Source: Company, ICICI Direct Research

Cyclicals: Cement to be an outperformer

(Sector composition: auto, cement, capital goods, metals, power, infrastructure, real estate, oil & gas and telecom)

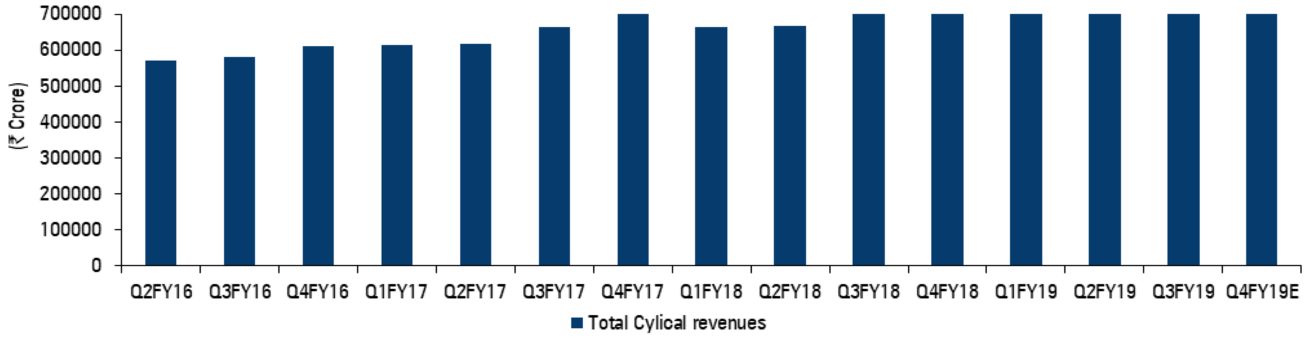
Key highlights:

- In the cement sector, we expect I-Direct coverage universe to report a healthy volume growth of 7.8% YoY, with companies like Ultratech, Shree Cement and Sagar Cement expected to witness double digit volume growth, primary due to ramping up of acquired capacities (Binani assets) and expansions done by these companies. Topline growth is estimated at 11% YoY for our coverage universe backed by the 7.8% volume growth and a 2.9% growth in realizations. After a long slumber of subdued pricing environment in the south added by strong demand scenario, the quarter witnessed significant price hikes on a sequential basis and stayed at elevated levels till mid-March where they were rolled back partially. This better pricing environment will help southern players' margins expansion significantly (Sagar cements and India Cements are expected to report 39% and 43% YoY growth in EBITDA/t). Prices in the East, North East and Central region are expected to remain stable sequentially while prices in the North, West and South witnessed sequential growth of 1.3%, 4% and 6.4% respectively. Improved realizations and slowing cost inflation are expected to drive the EBITDA growth of 15.8% to ~₹4970 crores with EBITDA/t expected to expand by 7.5% YoY to ~₹887/t for our coverage universe.

- In the oil & gas space, OPEC+ decision to reduce oil production by 1.2 million barrels per day along with oil production disruption from Venezuela led to increase in Brent crude oil prices during the quarter. As a result, Brent crude prices closed up 26.9% QoQ from US$ 53.2/bbl in Q3FY19 to US$ 67.5/bbl in Q4FY19. However, the average Brent crude continued to remain lower by 6.8% QoQ at US$ 63.1/bbl in Q4FY19. The net realisations of upstream companies will decline QoQ and impact their profitability. The benchmark Singapore GRMs continued to remain subdued and further declined during the quarter from US$4.3/bbl in Q3FY19 to US$3.2/bbl in Q4FY19. However, inventory gains would lead to higher reported GRMs during the quarter. The core marketing margins are expected to show quantum increase of 2-3x as the company did not fully pass on lower costs to customers. City gas distribution (CGD) companies are expected to continue to report good volume growth due to sustainable conversion to CNG vehicles and rising concerns with respect to current pollution issues. Gas utilities sector volumes will be driven mainly by domestic gas as against LNG imports which was witnessed over the past many quarters.

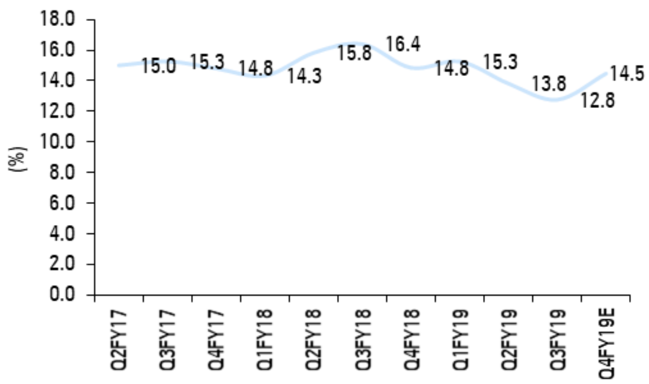
- In the metals space, Domestic steel consumption grew ~7.4% YoY during April-February 2019 on the back of healthy demand from key user industries. However as both the domestic and global steel prices were on a declining trend between end of Nov'18 to end of Jan'19, the average steel prices for Q4FY19 are expected to lower by ~5% QoQ. For Q4FY19, we expect domestic operations of Tata Steel to see an EBITDA/tonne of ₹ 14500/tonne (vs adjusted EBITDA/tonne of ₹ 16404/tonne in Q3FY19). JSW Steel may clock an EBITDA/tonne of ₹ 10000/tonne (vs. ₹12060/tonne in Q23FY19). Going forward, the outcome of China-US trade negotiations holds key in determining the future trajectory of the global metal sector.

Exhibit 9: Trend in growth of cyclicals



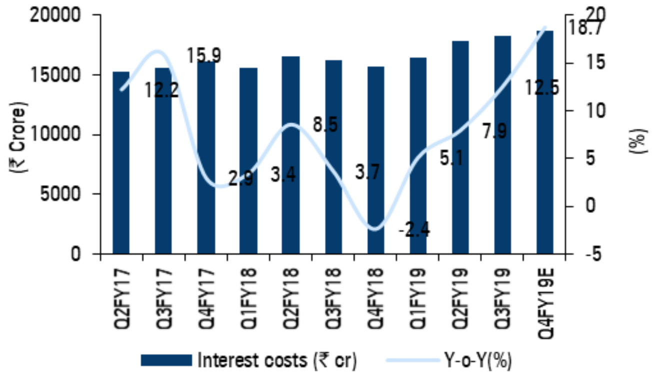
Source: Company, ICICI Direct Research

Exhibit 10: Trend in EBITDA Margins



Source: Company, ICICI Direct Research

Exhibit 11: Interest cost..



Source: Company, ICICI Direct Research

Apparel

Revenue growth expected to be moderate….

We expect our apparel coverage universe to report moderate topline growth in Q4FY19 (10% YoY), except for Page Industries that is expected to clock double digit topline growth. For KKCL, to address its sluggish volume growth, the management had to modify its strategy by offering discounts and offers across its product range. Hence, we expect KKCL to report steady volume growth of 8% YoY. However, realisations are expected to decline marginally on account of higher proportion of sales to National Chain Stores and e-commerce players. We expect Page Industries to register 14% revenue growth (12% volume growth), driven by high single digit volume growth from the menswear segment and healthy double digit growth from the leisure segment (~30% of revenues). For Rupa, Q4 has traditionally been a critical quarter as majority of revenues (~38% of overall revenues) are derived from it. With aggressive promotional offers and discounts, we expect Rupa to register revenue growth of 8.6% YoY (vs. 4% growth in YTDFY19). With no immediate capacity coming on stream, we expect Vardhman Textiles to report revenue growth of 9.0% YoY.

Cotton production estimated to be at eight year low…

Average cotton prices (Shankar-6) for the cotton season 2018-19 (Oct-Sept) have remained elevated on concerns of a significant decline in crop production for the season. For Q4FY19, prices have risen 8% YoY to ₹ 121/kg. Cotton Association of India, has further trimmed its cotton crop estimates to 32.8 million bales (eight year low) vs. previous estimate of 33.0 million bales (1 bale=170 kg). This now translates to a decline in cotton production by 10% for CS 18-19. Sustained domestic demand and lower estimated closing stock is expected to keep prices dearer for CS 18-19.

Operating margins to remain under stress….

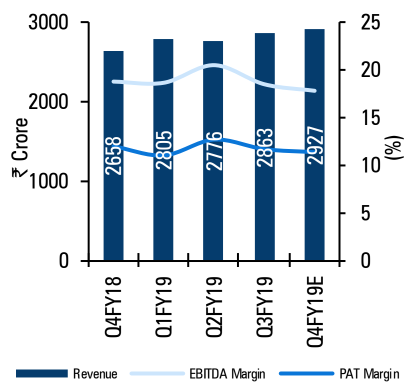
Higher cotton prices are expected to keep margins under pressure for Q4FY19E. Furthermore, moderate topline growth is expected to result in negative operating leverage. We expect EBITDA margins for KKCL to decline 390 bps YoY to 18.0% owing to a significant contraction in gross margins. Page Industries had reported one of its highest ever EBITDA margin in Q4FY18 owing to lower employee expense. Hence, on a high base, we expect EBITDA margins to contract 170 bps YoY 22.5% in Q4FY19. We expect EBITDA margins for Rupa and Vardhman Textiles to decline 110 bps and 50 bps, YoY, respectively.

Exhibit 12: Estimates for Q3FY19E: (Apparel) (₹ Crore)

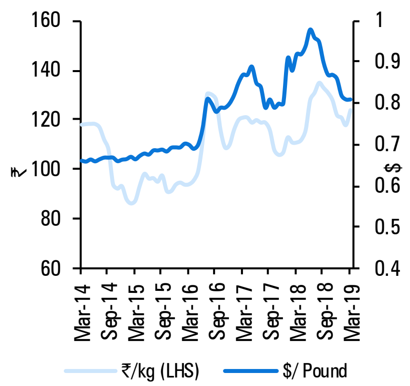
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Kewal Kiran	130.1	8.4	17.1	23.4	-10.9	50.8	17.2	-11.8	34.7
Page Industries	694.4	14.1	-5.9	155.9	6.2	-5.7	100.8	7.0	-1.1
Rupa & Co.	456.3	8.6	60.8	68.2	1.0	61.4	39.5	-1.0	75.1
Vardhman Tex	1,645.8	9.0	-4.8	274.1	5.7	-10.7	173.5	6.0	-11.4
Total	**2,926.6**	**10.1**	**2.2**	**521.6**	**4.4**	**-1.6**	**331.0**	**4.3**	**-0.6**

Source: Company, ICICI Direct Research

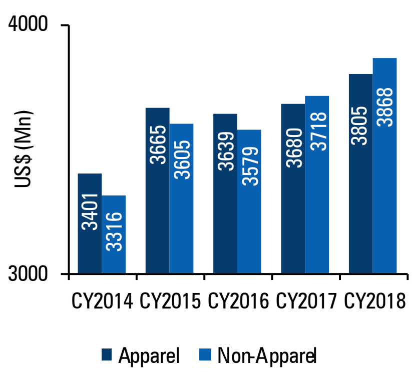
Topline & Profitability (Coverage Universe)



Cotton prices (domestic & international)



Indian textile exports to US



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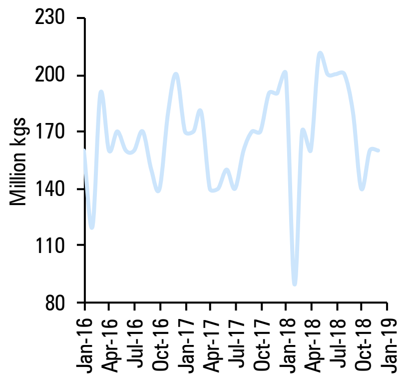
Increase in incentives to aid export growth…

According to the data provided by Office of Textile and Apparel (OTEXA), India's textile exports to the US in CY18 ended on a subdued note, with overall growth of mere 3.7% YoY. India's apparel exports to the US for CY18 grew marginally by 3.4% YoY US$3805 million while non-apparel exports grew 4.0% YoY to US$3868 million. On March 7, 2019, Government of India announced a new scheme called Rebate of State and Central Taxes and Levies (ROSCTL) in lieu of the erstwhile ROSL scheme. As per the new scheme, the effective incentives on apparel and made-up textiles to go up from 1.7% to 6.05%, providing relief to exporters.

China's Cotton yarn import



China's cotton yarn imports grew by 5.1% YoY in CY18

Exhibit 13: Company Specific Views (Apparel)

Company	Remarks
Kewal Kiran	In order to revive its sluggish volume growth, KKCL had resorted to discounting policy in order to combat the aggressive discounting offered by e-commerce players. This translated to healthy volume growth but at the cost of EBITDA margins in Q3FY19. We anticipate this trend will sustain in Q4FY19 as well. Hence, we expect KKCL to report volume growth of 8% YoY to 13.6 lakh pieces, with realisations remaining flat at ₹ 960/piece. Overall revenues are expected to increase 8.4% YoY to ₹ 130.1 crore. We expect EBITDA margins to decline 390 bps YoY to 18.0% on account of contraction in gross margins. Subsequently, we anticipate PAT will decline 12% YoY to ₹ 17.2 crore
Page Industries	We expect Page to register volume, realisation growth of ~12%, 3%, respectively, in Q4FY19. The volume growth is expected to be driven by healthy double digit growth in leisure segment and high single digit volume growth for menswear. Overall revenues are expected to increase 14.1% YoY to ₹ 694.4 crore. The company had reported one of its highest ever EBITDA margin in Q4FY18 owing to lower employee expense. Hence, on a high base, we expect EBITDA margin to decline 170 bps YoY (flattish sequentially) to 22.5% in Q4FY19. We expect PAT to grow 7% YoY to ₹ 100.8 crore
Rupa & Company	Generally the fourth quarter has been a critical one for Rupa, since ~38% of revenues are derived from it. For 9MFY19, Rupa has reported a subdued performance, with revenue growth of only 4%. With aggressive promotional offers and discounts, we expect revenue pace to pick up and report revenue growth of 8.6% YoY to ₹ 455.2 crore. We expect EBITDA margins to contract 110 bps YoY to 15.0%. Higher finance cost is further expected to impact PAT negatively. Subsequently, we expect PAT to decline by 1% YoY to ₹ 39.5 crore
Vardhman Textiles	We expect Vardhman Textiles revenues to increase 9% YoY to ₹ 1646 crore. Textile division is expected to register YoY growth of 9.3% to 1548 crore while acrylic division is expected to grow 20% YoY to ₹ 97 crore (on a low base). On a YoY basis, average cotton price have risen 8%, which is expected to negatively impact EBITDA margins. We expect EBITDA margins to decline 50 bps YoY to 16.7% with EBITDA increasing marginally by 6% YoY to ₹ 274 crore. Consequently, we expect PAT to increase 6% YoY to ₹ 174 crore

Source: Company, ICICI Direct Research

Auto and auto ancillary

No respite from inventory blues!

The auto industry suffered from subdued volume offtake during the quarter, carrying on from Q3FY19. Lacklustre retail demand sentiment manifested in spiralling dealer inventory levels, with most of the OEM pack concentrating on liquidating the same by offering heavy discounts. The auto industry, on the whole, has been battling bloated dealer inventory ever since there was a spike in ownership costs, liquidity crunch involving NBFCs and revised axle load norms around the crucial festive season that kept customers away. According to FADA, the situation as of end-February was particularly dire in the 2-W space, with dealer inventory as high as 80-90 days on average. Inventory levels were above normal across the board for PV and CV players also, symbolising widespread weakness in demand.

Margin improvement a silver lining for auto space!

Soft wholesale dispatches during the quarter were particularly evident for 2-W companies. At market leader HMCL, volumes de-grew 11.0% YoY while Bajaj outperformed heavily, growing volumes by 14.2% YoY. Volumes were flattish YoY for PV leader Maruti while in the CV space, Ashok Leyland displayed modest 1.3% YoY growth in Q4FY19. However, easing key input prices such as steel, aluminium, lead, rubber and plastics will provide some solace for the entire auto OEM as well as auto ancillary space. The benefits will be limited amid negative operating leverage.

Muted volumes to weigh on OEMs; ancillaries to outperform!

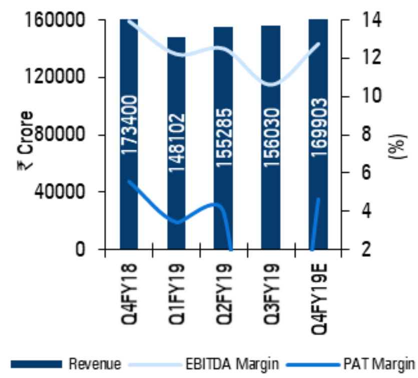
For our auto & auto ancillary coverage universe, we expect the total topline to decline 2.8% YoY tracking the ~3% volume decline in the OEM space for the quarter. PAT for our coverage universe is expected to drop 33.4% YoY. Operating margins of our universe are expected to be aided by the pass through of softer raw material prices from Q3FY19, thereby coming in at 11.7%, up 110 bps sequentially (down 220 bps YoY). Ex-Tata Motors, our coverage universe is expected to post flat topline growth YoY, EBITDA margins of 12.9% and bottomline de-growth of 15.5% YoY. We expect auto OEMs to lag the auto ancillary space. In the OEM space, topline and bottomline de-growth is expected at 3.8% & 37.1%, respectively, while in the ancillary pack, topline and bottomline growth is expected at 1.2% & -19.5%, respectively.

Exhibit 14: Estimates for Q4FY19E (₹ Crore)

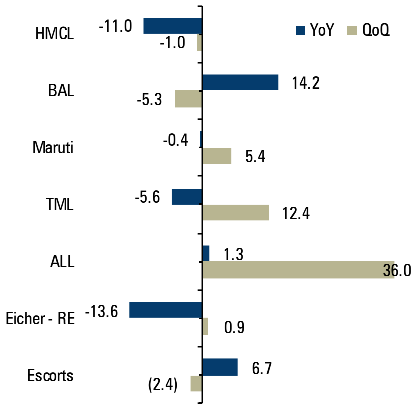
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Amara Raja	1,831.0	15.8	8.0	107.5	-49.0	-57.5	41.2	-62.5	-68.5
Apollo Tyre`	4,705.7	16.7	-0.3	810.4	57.3	53.7	428.0	71.1	116.2
Ashok Leyland	8,811.2	0.4	39.3	1,684.5	63.1	159.3	1,094.7	64.0	187.5
Bajaj Auto'	6,909.6	2.0	-6.7	1,293.3	-1.7	11.9	1,090.6	1.0	-1.0
Balkrishna Ind	1,366.9	11.0	13.4	410.6	38.9	36.5	274.6	41.8	89.7
Bosch India	3,114.5	-1.4	0.6	607.3	-12.2	43.7	441.5	1.8	31.6
Eicher Motors*	2,424.5	-4.2	3.4	727.9	-10.9	5.2	494.2	-29.9	-1.4
Escorts	1,669.4	16.2	0.9	208.7	20.1	4.1	135.6	20.5	-3.2
Exide	2,370.7	-3.6	-5.1	319.6	-5.4	2.3	164.4	-13.3	6.1
Hero Motocorp	7,787.6	-9.1	-1.0	1,152.5	-15.9	4.3	769.5	-20.5	0.0
JK Tyre `	2,647.1	15.9	-3.1	271.6	-17.5	2.4	49.4	-68.9	83.8
Mahindra CIE `	642.6	5.0	-0.5	75.5	2.1	-12.1	43.1	11.8	-6.6
Maruti Suzuki	22,290.4	5.3	13.3	3,463.1	14.9	79.3	2,265.6	20.4	52.1
Motherson`	16,197.8	5.1	-1.7	1,372.4	-8.5	-1.5	393.2	-24.2	1.1
Tata Motors`	86,305.4	-5.4	12.1	9,021.2	-24.4	25.8	116.8	-94.6	LP
Wabco India	828.4	5.6	18.4	127.6	13.7	27.0	81.4	5.5	36.2
Total	**169,902.8**	**-2.0**	**8.9**	**21,653.8**	**-10.3**	**30.7**	**7,883.7**	**-18.2**	**LP**

Source: Company, ICICI Direct Research

Topline & Profitability (Coverage Universe)



Key players volume growth for Q4FY19 (%)



Average commodity price movement (₹/kg)

Commodity	Q4FY19	Q4FY18	YoY (%)	Q3FY19	QoQ (%)
Steel	48	47	0.9	51	-5.8
Aluminium	137	139	-1.0	142	-3.1
Rubber	120	125	-4.6	126	-5.0
Plastics	77	70	10.2	79	-2.3
Lead	144	162	-10.8	143	1.3

Average currency movement against INR

	Q4FY19	Q4FY18	YoY (%)	Q3FY19	QoQ (%)
USD/INR	70.5	64.4	9.5%	72.1	-2.2%
EUR/INR	80.1	79.0	1.4%	82.4	-2.8%
GBP/INR	91.6	89.5	2.3%	92.8	-1.3%
JPY/INR	0.6	0.6	8.5%	0.6	0.0%

Top Picks

Mahindra CIE

Analysts

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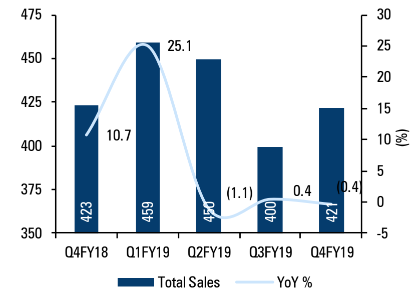
Exhibit 15: Company Specific view - OEMs

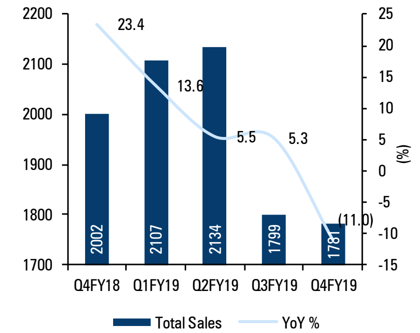
Company	Remarks
Ashok Leyland	Ashok Leyland is expected to report a steady performance in Q4FY19 primarily driven by flat volume growth and a favourable product mix (higher share of M&HCV). Total CV sales volume in Q4FY19 were at 59,521 units (up 1% YoY) comprising LCV sales volume of ~15,500 units, up 8% YoY and MHCV sales volume of ~44,000 units, down 1% YoY. LCV to MHCV mix in Q4FY19 was at 26:74 vs. 32:68 in Q3FY19. Consequent net sales in Q4FY19 are expected at ₹ 8,734 crore, down 0.4% YoY. EBITDA in Q4FY19 is expected at ₹ 985 crore (EBITDA margins at 11.3%). PAT in Q4FY19 is expected at ₹ 656 crore, down 1.7% YoY
Bajaj Auto	Baja Auto is expected to report a steady performance in Q4FY19 with industry leading volume growth (14.2% YoY) to persist at the expense of margins (down 370 bps YoY). Total 2-W sales volume for the quarter were at 10 lakh units, up 17% YoY while 3-W sales volume were at 1.9 lakh units, up 1% YoY. Consequent net sales in Q4FY19 are expected at ₹ 7161 crore, up 5.7% YoY. EBITDA for the quarter is expected at ₹ 1116 crore with corresponding EBITDA margins at 15.6%. PAT in Q4FY19 is expected at ₹ 1017 crore, down 5.8% YoY
Eicher Motors	Volume pressure persisted for Eicher Motors in Q4FY19 with Royal Enfield reporting volume decline of 13.5% YoY to 1.96 lakh units primarily driven by muted demand in the market place. VECV segment also reported volume decline of 9.1% YoY to 21,010 units (on a high base). Consequent net sales for the quarter is expected at ₹ 2,413 crore, down 4% YoY. EBITDA in Q4FY19 is expected at ₹ 728 crore with corresponding EBITDA margins at 30.0%, down 230 bps YoY. Ensuing PAT is expected at ₹ 589 crore, down 23% YoY. PAT for the quarter also includes profit from VECV JV amounting to ₹ 58 crore. At RE level, pure play standalone PAT is expected at ₹ 494 crore
Escorts	Escorts is expected to report a healthy performance in Q4FY19 primarily tracking flat tractor sales volume and pick-up being witnessed in the railway & construction equipment space. Tractor sales volume for the quarter were at 25,136 units, up 6.7% YoY. We expect revenues to grow 18% YoY to ₹ 1695 crore. EBITDA for the quarter is expected at ₹ 214 crore with corresponding EBITDA margins at 12.6%, up 50 bps QoQ. Consequent PAT is expected at ₹ 135 crore, up 20% YoY
Hero MotoCorp	Hero MotoCorp is expected to report a muted performance in Q4FY19 amid 11% YoY de-growth in volumes. Total volumes for the quarter were at 17.8 lakh units vs. 20 lakh units clocked in Q4FY18. Consequent net sales is expected at ₹ 7,788 crore, down 9.1% YoY. EBITDA margins are expected to find some support from the lag effect of benign raw material prices as well as lower apportioned employee costs. EBITDA in Q4FY19 is seen at ₹ 1,153 crore with corresponding EBITDA margins at 14.8%, up 80 bps QoQ but down 120 bps YoY. Consequent PAT is expected to decline 20% to ₹ 770 crore in Q4FY19
M&M	Revenues are expected to grow 8.6% YoY to ₹ 11953 crore on the back of ~7.1% YoY volume growth in the automotive segment and ~6.3% YoY growth in the farm equipment segment. Volumes in the automotive segment at 129,426 units have grown on the back of ~12.5% YoY growth in LCV segment. Volumes in the tractor segment were at ~81,304 units. Margins are expected to decline 60 bps QoQ at 13.6% due to negative operating leverage and a poor product mix. PAT may decline 15% YoY to ₹ 945.5 crore (Q3FY17 had an exceptional item of ~₹ 364 crore)
Maruti Suzuki	In Q4FY19, Maruti is expected to report better numbers sequentially due to absence of any one-offs. The numbers, however, will still be down YoY primarily tracking de-growth in volumes amid increasing competitive intensity in the marketplace. Total dispatches in Q4FY19 were at 4.6 lakh units, down 0.7% YoY. EBITDA margins are expected at 12.0%, down 220 bps YoY but up 220 bps QoQ primarily factoring in a marginal decline in raw material costs. Consequent net sales in Q4FY19 is expected at ₹ 20,321 crore, down 1.3% YoY. EBITDA in Q4FY19 is expected at ₹ 2,530 crore & PAT at ₹ 1,585 crore
Tata Motors	We expect Tata Motors to report a muted performance in Q4FY19 primarily driven by 5.6% volume de-growth in the domestic business (1.9 lakh units) and 12.5/% de-growth in volumes on the JLR front (1.6 lakh units). Consequent net sales for the quarter, on a consolidated basis, is expected at ₹ 85,442 crore, down 5% YoY. EBITDA in Q4FY19 is expected at ₹ 9,021 crore with corresponding EBITDA margins at 10.5%, up 120 bps QoQ. Ensuing PAT is expected at ₹ 117 crore (₹ 2175 crore in Q4FY18). Profitability as well as FCF will be keenly watched at JLR for Q4FY19 results

Source: Company, ICICI Direct Research

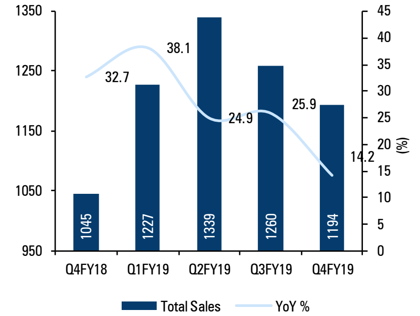
Maruti Suzuki's sales performance



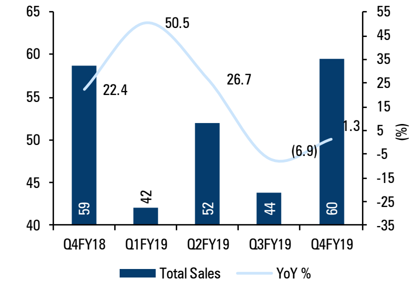
Hero MotoCorp's sales performance



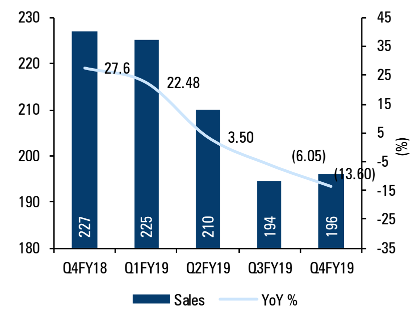
Bajaj Auto's sales performance



Ashok Leyland's sales performance



Royal Enfield's sales performance



**All volumes in '000 units*

Exhibit 16: Company Specific views – Ancillaries

Company	Remarks
Amara Raja Batteries (ARBL)	ARBL is expected to post healthy 8.5% YoY revenue growth to ₹ 1,715 crore on the back of steady state aftermarket demand. EBITDA margin is expected to improve 70 bps QoQ to 15.6% (up 230 bps YoY), benefiting chiefly from the lag effect of 3.7% QoQ drop in average lead prices during Q3FY19. Average lead prices for Q4FY19 were at ₹ 144/kg. Consequent PAT is expected to grow 30% YoY to ₹ 142 crore
Apollo Tyres (APL)	We expect consolidated revenue to grow 9.9% YoY to ₹ 4,370 crore, on the back of steady volume growth in the domestic business and overseas subsidiaries in the replacement market. A drop in rubber prices to the tune of 3.8% QoQ during Q3FY19 is expected to flow through during Q4FY19 and help improve EBITDA margins by 30 bps QoQ to 11.5% at the consolidated level. Consequent consolidated PAT is expected at ₹ 128 crore vs. ₹ 250 crore in Q4FY18. We build in assumption of exceptional loss to the tune of ₹ 100 crore in respect of the company's remaining exposure to IL&FS deposits
Balkrishna Industries (BIL)	BIL is expected to report a steady performance despite modest volume decline of ~2.5% primarily tracking the depreciation in the rupee on a YoY basis. Net sales are expected to increase 6.9% YoY to ₹ 1,317 crore. EBITDA margins are expected to expand 100 bps QoQ to 26.0% on account of easing input cost pressures and better operating leverage. Consequent PAT is expected to increase 7.7% YoY to ₹ 209 crore
Bosch	We expect Bosch to report subdued performance in Q4FY19 amid muted CV space and tractor space volumes during the quarter. Net sales are expected at ₹ 3,115 crore, down 1.5% YoY. On the other hand, the company is expected to experience margin improvement owing to a marginal decline in raw material costs. EBITDA in Q4FY19 is expected at ₹ 607 crore with EBITDA margins at 19.5%, down 240 bps YoY. Consequent PAT is expected at ₹ 442 crore, up 2% YoY. PAT growth on a YoY basis is primarily driven by exceptional loss in the base quarter i.e. Q4FY18
Exide Industries (EIL)	We expect EIL to report a subdued performance in Q4FY19 on account of subdued OEM demand although the aftermarket demand provided steady support. Net sales for the quarter is expected at ₹ 2371 crore, down 3.6% YoY. EBITDA in Q4FY19 is expected at ₹ 320 crore with corresponding EBITDA margins at 13.5%, up 100 bps YoY due to easing input cost pressures. Consequent PAT in Q4FY19 is expected at ₹ 164 crore, down 13% YoY
JK Tyre (JKTIL)	JK Tyres' consolidated revenues are expected to post strong 15.9% YoY growth to ₹ 2,647 crore, primarily on the back of volume led growth at subsidiaries. We expect the company to benefit from softer raw material prices (rubber and crude derivatives), which are likely to push up consolidated EBITDA margins by 60 bps QoQ to 10.3%. Consequent consolidated PAT is expected at ₹ 49 crore. PAT in the base quarter was exceptionally high due to higher other income to the tune of ~₹ 110 crore
Mahindra CIE Automotive	Mahindra CIE is expected to steadily outperform its OEM customers and post single digit topline growth vs. de-growth in volumes at key OEMs. On a standalone basis, in Q1CY19, we expect sales at ₹ 643 crore, up 5% YoY. EBITDA for the quarter is expected at ₹ 76 crore with EBITTDA margins 11.8%, up 50 bps QoQ, primarily building in marginal softer raw material prices. Standalone PAT is expected at ₹ 43 crore, up 11% YoY. On a consolidated basis, topline and EBITDA is expected at ₹ 2171 crore and ₹ 294 crore, respectively
Motherson Sumi	Weak OEM sentiments will continue to weigh on volume growth at Motherson Sumi, with depreciated currency the only solace. On a consolidated basis, we expect the company to report sales of ₹ 16,198 crore, up 5.1% YoY. EBITDA for the quarter is expected at ₹ 1372 crore with corresponding EBITDA margins at 8.5%, flat QoQ, down 120 bps YoY. Ensuing PAT is expected at ₹ 393 crore, down 24% YoY
Wabco India (WIL)	WIL is expected to report a muted performance tracking weak M&HCV dispatches at the OEM level in Q4FY19. WIL's revenue is expected to grow 5.6% YoY to ₹ 828 crore. However, on the operational front, the company is expected to marginally benefit from the reduction in raw material costs as well as operating leverage, with EBITDA margins seen expanding 100 bps QoQ to 15.4% (up 110 bps YoY). Consequent PAT is expected to increase 5.5% YoY to ₹ 81 crore

Source: Company, ICICI Direct Research

Banking & Financial Institutions

The January-March 2019 quarter turned out to be an upbeat one for PSU banks with the exit of six banks from Prompt Corrective Action (PCA). Resolution through IBC framework was delayed with several high profile cases not reaching conclusion as anticipated earlier. However, continued healthy momentum in credit offtake and controlled slippages after IL&FS crises, provided respite to banks and large financial companies.

Healthy growth in NII to support operational performance

MCLR repricing, rising CD ratio is seen offsetting pressure of a hike in deposit rates on margins. Continued moderation in slippages in Q4FY19E may lead to steady margins, with upward bias in case of PSBs. For our coverage universe, we expect NII growth at 24.1% YoY to ₹ 63061 crore, led by 24.6%, 23.5% YoY traction in NII of private and public sector banks, respectively. Delay in resolution of large NCLT cases would not yield any spike in NII in Q4FY19 as seen in Q1FY19. Impact of Essar Steel, Bhushan Power & Steel's account resolution is expected to flow in H1FY20E.

Credit growth momentum to continue; private banks gain share

As per the latest data by the RBI, advances increased 14.4% YoY to ~₹ 95.5 lakh crore as on March 15, 2018. This growth was propelled by retail book (up ~16.7%) while large corporate, still lower, witnessed a pick-up to ~5.6% YoY. Banks gaining market share, led by recent NBFC crises and continued growth in retail consumption are reasons for traction in advances. Deposit growth is lower at ~10% YoY to ₹ 122.2 lakh crore. This has led to a rise in CD ratio to 78.1% vs. 75% seen last year. Given liquidity crises and capital constraints faced by PSU banks, private banks are seen reporting higher growth and expanding their market share.

Moderation in credit cost to revive profitability of PSBs

Asset quality pressure has been subsiding in the last three consecutive quarters. We expect the same to continue. There can be delay in anticipated GNPA reduction mainly led by delay in resolution of large IBC cases. Moderation in slippages and higher recoveries (especially in smaller accounts) would further pare down the pace of GNPA accretion in Q4FY19E. For our coverage universe, we expect first yearly decline in GNPA at 9% YoY to ~₹ 322011 crore in Q4FY19E.

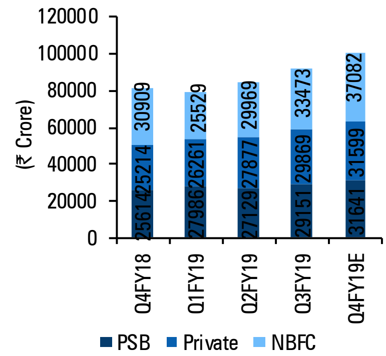
Aggressive provision by PSBs, utilising recent capital infusion by GoI, would bring down NNPA numbers. In anticipation of banks making additional provision in lieu of IL&FS exposure (even though account is to be classified as standard) and ageing of NPA, we expect decline in provision but not in proportion to slippages. For our coverage universe, we expect total provisions at ~₹ 20910 crore, down ~50% YoY but looks optically higher QoQ (as there was investment MTM reversal for SBI in Q3FY19). We estimate relief on the credit cost front to accrue in FY20E. Resolution of large NCLT accounts in near term will lead to substantial decline in absolute GNPA ahead.

Loss to profit, with sound operational performance

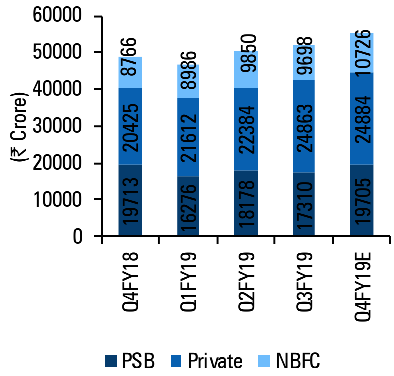
Healthy operational performance, led by traction in NII, and steady credit cost likely to drive PAT growth. Volatile G-sec yields to keep treasury gains subdued. Healthy balance sheet growth and focus on asset quality may lead to 76% YoY jump in earnings for private banks under our coverage. Led by higher operational earnings and lower provisions, PSBs are seen posting profits in Q4FY19 compared to loss in Q4FY18. SBI is expected to report PAT of ₹ 2940 crore in Q4FY19E vs. loss of ₹ 7717 crore in Q4FY18.

It is the first quarter under new leadership for Axis Bank and Yes Bank. We remain watchful on asset quality for Yes Bank considering this change.

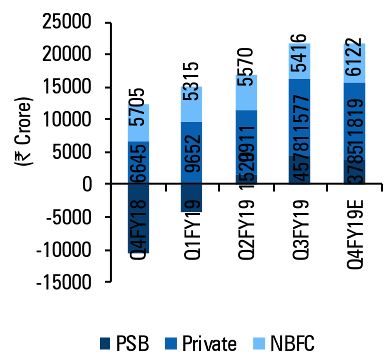
NII



PPP



PAT



Top Picks

HDFC Bank
SBI
Bajaj Finance

Analysts

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Large retail centric banks (HDFC Bank, IndusInd Bank) may continue healthy growth while Bandhan Bank and mid-sized banks (Federal Bank, DCB) are expected to report robust growth in profitability. In the NBFC space, Bajaj Finance, with strong parentage and robust business model is seen continuing its strong performance.

Exhibit 17: Estimate for Q4FY19 (₹ crore)

	NII	Change (%)		PPP	Change (%)		NP	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Public Sector Banks									
Bank of Baroda	4939.1	23.4	4.1	3223.7	20.9	-8.9	607.3	NA	28.9
SBI	24893.2	24.6	9.7	15218.4	-4.2	20.5	2940.4	NA	-25.6
Indian Bank	1808.6	10.4	5.4	1263.3	8.5	10.2	237.8	80.2	56.2
	31640.9	23.5	8.5	19705.4	0.0	13.8	3785.4	NA	-17.3
Private Banks									
Axis Bank	5656.4	19.6	0.9	4348.6	18.4	-21.3	1036.4	NA	-38.3
Bandhan Bank	1240.1	43.6	10.3	1049.9	49.2	16.6	560.0	44.4	69.1
City Union Bank	433.3	17.8	3.6	316.2	7.4	3.6	178.4	17.3	0.2
DCB	303.6	15.1	3.4	181.3	28.1	4.3	89.5	39.3	3.9
Federal Bank	1187.2	27.2	10.2	733.0	24.5	3.6	338.6	133.5	1.5
HDFC Bank	13445.2	26.2	6.9	11106.1	25.7	3.0	5878.6	22.5	5.2
Indusind Bank	2409.9	20.0	5.3	2184.0	23.4	3.2	1137.5	19.4	15.5
J&K Bank	845.1	28.9	-4.1	453.1	70.0	6.6	116.6	310.5	12.4
Kotak Bank	3281.4	27.2	11.6	2340.9	16.0	20.8	1384.4	23.2	7.2
Yes Bank	2797.1	29.8	4.9	2171.5	1.7	9.1	1099.3	-6.8	9.7
Total	31599.3	25.3	5.8	24884.5	21.8	0.1	11819.4	77.9	2.1
Total Banks	**63240.2**	**24.4**	**7.2**	**44589.9**	**11.1**	**5.7**	**15604.8**	**NA**	**-3.4**
NBFCs									
HDFC	2892.9	4.7	7.7	3627.2	6.8	21.5	2503.6	-1.7	18.4
LIC HF	1098.6	9.5	1.3	960.8	10.8	-3.1	593.3	10.0	-0.5
Rel Cap	5104.3	1.9	1.8	313.8	-36.2	5.3	224.7	-47.6	5.6
Bajaj Finance	3417.8	53.9	6.8	2285.6	66.2	9.4	1143.2	52.9	7.8
Bajaj Finserv	12083.7	33.2	8.5	2414.9	56.2	8.6	927.3	45.6	9.0
SBI Life Insurance	11156.3	20.8	22.0	358.3	36.2	-1.8	374.4	-1.8	41.7
M&M Fin Serv	1328.1	1.8	10.3	765.2	-7.4	2.8	355.5	-16.3	11.6
Total	**37081.7**	**26.5**	**14.9**	**10725.8**	**35.1**	**19.8**	**6121.9**	**15.9**	**20.1**

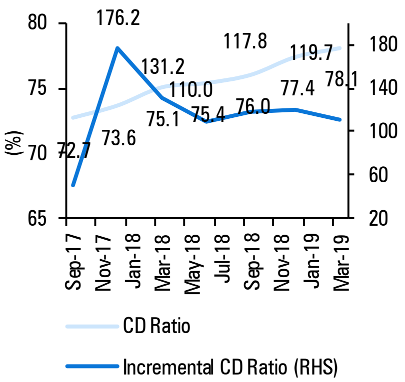
Source: Company, ICICI Direct Research

Exhibit 18: Company Specific View (Banks)

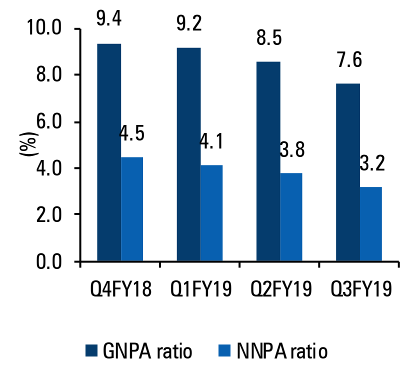
Company	Remarks
Bank of Baroda	Advance growth is expected to remain healthy at 11% YoY, led by traction in retail, SME & agri loans. NII is expected to remain healthy at 23.4% YoY to ₹ 4939 crore. Moderation in slippages & improving recovery to keep GNPA lower at 10.4% leading to lower credit cost of 49 bps vs. 62 bps in Q3FY19. Accordingly, PAT is seen at ~₹ 607 crore vs. a loss of ~₹ 3102 crore the year ago. However, we await clarity, comments & plan of merged entity.
State Bank of India	Q4FY18 had huge slippages impacting NII, higher provisions and losses for the bank and sector. Loan growth is expected to pick up growing 12.7% YoY to ₹ 21.9 lakh crore. We expect a marginal improvement in margins due to better pricing power with large banks. As a result, we expect 23% YoY growth in NII to ₹ 24893 crore. Fee income is expected to remain strong QoQ due to growth and seasonality in Q4. Investment gains in G-sec may remain limited. Calculated cost-to-income ratio to remain steady at 55%. We factor in loan loss provisions of ₹ 9694 crore vs. ₹ 13971 crore QoQ and ₹ 24080 crore in Q4FY18. MTM write-back of ₹ 7994 crore seen in Q3FY19 is unavailable in Q4. Hence, net profit is likely to be around ₹ 2935 crore vs. huge loss in Q4FY18. Expect slippages to be contained with GNPA and NNPA ratios declining further.
Axis Bank	Axis Bank in a bid to achieve its long term target is poised to show incremental progress on operational matrix with improvement in credit growth as well as NII growth. Credit growth is expected at 17.2% YoY to ₹ 515338 crore led by traction in retail as well as corporate portfolio. Credit cost may remain lower at 52 bps on the back of moderation in slippages. However, asset quality may remain stable at 6%. On the back of healthy NII growth of 19.6% YoY, PAT is seen at ₹ 1036.4 crore vs. loss of ₹ 2189 crore in Q4FY18.
City Union Bank	Consistent conservative business growth may continue with credit and deposit growing at 17.1% and ~14% YoY, respectively. Healthy CD ratio and business growth may keep margins in the range of 4.2-4.4%. Healthy operational performance is seen keeping NII growth at 17.8% YoY to ₹ 433 crore while other income is expected at ~₹ 122 crore. Anticipating no lumpy NPA, we expect GNPA and NNPA ratios to sustain below 3% and 1.6%, respectively, leading to contained provisions. PAT may grow 17% YoY to ₹ 178 crore.
DCB Bank	For Q4FY19, operational performance is seen remaining healthy with NII growth of 15.1% YoY, led by stable margin of 3.8%-3.9% & advances growth of 24.9% YoY. Healthy traction in credit is set to be led by growth in mortgage and SME segment. On asset quality side, GNPA ratio is expected to remain steady at 1.9%. Credit cost may remain stable at 15 bps. With a tab on opex and steady provisions for bad loans, PAT is seen at ₹ 89.5 crore up 39.3% YoY.
HDFC Bank	HDFC Bank's performance is seen to remain consistent on growth as well as profitability. Advances growth to remain healthy at 24.5% YoY to ₹ 819530 crore, led by balanced mix of corporate as well retail. Growth in unsecured retail advances (credit cards and personal loans) to remain robust. Hike in deposit rate to be offset by increase of ~5 bps in MCLR, thereby keeping margins stable at 4.2-4.3%. Traction in card business to support growth in core fee income. Asset quality to remain steady with GNPA at 1.3-1.4%, agri portfolio to remain under watch. PAT growth is expected at 22.5% YoY to ~ ₹ 5877crore.
Federal Bank	Federal Bank's credit growth trend of 20-23% is poised to continue led by growth in retail & SME lending. We expect operational performance to remain robust with NII growth of 27.2% YoY to ~₹ 1187 crore & stable margin of 3.2%. Led by moderation in slippages GNPA to remain stable at 3.1%. Additional provisions in lieu of ILFS & stress in MSME portfolio to keep provisions higher. However, PAT growth is expected to remain robust at 133.5% YoY & 1.5% QoQ to~ ₹ 339 crore.

Source: Company, ICICI Direct Research

C-D ratio (Industry)



Asset Quality (Coverage Universe)



NPA trend (Coverage Universe)

Q4FY19E (₹ crore)	GNPA	QoQ Growth (%)	NNPA	QoQ Growth (%)
PSB				
Bank of Baroda	52924	-0.5	19134	0.0
SBI	188765	0.5	81944	1.2
Indian Bank	13501	2.3	7652	1.1
Private Banks				
Axis Bank	30916	-4.8	12294	-7.9
Bandhan Bank	873	5.0	249	5.0
City Union Bank	923	3.5	533	1.0
DCB	481	11.7	170	4.4
Federal Bank	3531	3.6	1941	1.0
HDFC Bank	11403	9.7	3422	9.0
Indusind Bank	2224	13.0	1112	8.0
J&K Bank	6454	3.0	3118	20.5
Kotak Mahindra	4239	1.1	1551	-0.6
Yes Bank	5778	12.0	3142	9.2

Exhibit 19: Company Specific View (Banks)

Company	Remarks
Jammu & Kashmir Bank	J&K Bank is poised to post healthy operational performance with NII growth of 28.9% YoY on the back of improving credit growth, lower base & steady margins. Credit growth to improve to 15.7% YoY at ~₹ 65825 crore on back of focus towards retail loans in J&K book. Exposure to ILFS may keep credit cost elevated at 41 bps. On the back of lower base, PAT is seen at ~ ₹ 117 crore, up 311% YoY. With a moderation in slippages, overall asset quality is expected to improve.
Kotak Mahindra Bank	For Kotak Bank, robust traction in advances is seen continuing at ~22% YoY to ₹ 2.07 lakh crore. Portfolio buying and unsecured retail loans may contribute to incremental growth while MSME segment is seen remaining cautious. Impact of a cut in MCLR may be offset by a cut in deposit rates, thereby keeping margins steady at ~4.2-4.3%. Healthy NII growth and control on opex to support earnings trajectory is seen at 23% YoY to ₹ 1384 crore. No major exposure to IL&FS and other large stressed assets, may keep credit cost at ~14 bps (~60 bps for FY19) and GNPA ratio steady at ~2%. Ambiguity and uncertainty regarding management stake may persist in near term.
Yes Bank	For Yes Bank, the healthy traction in business is expected to continue. Deposits are expected to increase 27.1% YoY to ₹ 255101 crore while 27.7% YoY increase is estimated in advances to ₹ 259884 crore. Margins are seen steady at 3.3%. Consequently, NII growth is seen at 29.8% YoY to ₹ 2797 crore. With accretion in GNPA to continue, credit cost is seen tad higher at ~23 bps in lieu of exposure to ILFS. Overall asset quality is expected to remain stable with gross NPA ratio at 2.3%. Earnings growth is seen remaining flat at ~-7% YoY to ₹ 1099 crore. Post appointment of new MD & CEO, new managment commentary to be seen closely.
IndusInd Bank	IndusInd Bank is poised to continue its overall consistent performance in Q4FY19E. Stable growth in corporate segment & improving growth in consumer financing segment such as credit card, personal loans & CV financing on the back of market share gain may lead credit growth of ~28% YoY to ~₹ 185645 crore. With NIMs estimated steady at~3.8-3.9%, NII growth is expected healthy at 20% YoY to ~₹ 2410 crore. Moreover, the bank may provide incrementally for its exposure to ILFS. Post two subdued quarters, PAT is expected to grow at ~20% YoY levels at ~₹ 1137.5 crore.
Indian Bank	Indian bank is expected to post steady set of numbers.Bank is set to clock steady credit growth of 13.6% YoY to ₹ 177811 crore. With moderation in slippages & stable margin of 2.9-3.0% NII is seen to grow at 10.4% YoY to ₹ 1809 crore.Provisions are expected to remain elevated at 54 bps (~77% PPP), led by provisions for exposure to ILFS. Asset quality to broadly remain stable at ~7.6% at ~₹ 13502 crore. PAT is expected to rise ~56% QoQ on back of lower fresh slippages.
Bandhan Bank	Bandhan Bank is expected to continue robust growth in AUM as well as earnings. Growth in AUM is seen ahead of 38% YoY. Micro loans may form major portion of incremental business while the non-micro pie may continue to witness higher YoY traction on a lower base. Margins are seen remaining steady at ~10%. Led by robust growth in advances, NII growth is seen at 44% YoY to ₹ 1240 crore. Recognition of IL&FS exposure of ₹ 388 crore as NPA and 100% provision on the same in Q3FY19, will result in lower credit cost QoQ. Accordingly, PAT growth, which slowed in Q3FY19, is seen reviving at 44% YoY to ₹ 560 crore. Asset quality may remain stable with GNPA ratio at 2.1%. The management plans to reduce promoter stake to 40% to be watched.

Source: Company, ICICI Direct Research

Exhibit 20: Company Specific Views (NBFC)

Company	Remarks
LIC Housing Finance	With strong parentage and comfort on liabilities, LIC HF's advances growth of ~16% YoY (₹ 192969 crore) may be maintained. Margin is seen steady at 2.3% post a rise in cost of fund in previous quarter. Asset quality may largely remain stable at 1.2%. We expect PAT growth of 10% YoY at ~₹ 593 crore.
Reliance Capital	Reliance Capital is expected to report revenue growth of 2% YoY, flat QoQ at ₹ 5104 crore, not comparable YoY. PAT at ₹ 225 crore for Q4, up 5% QoQ, factors in subdued earnings on an overall basis. MF AUM is expected to factor some upside led by rally in March 2019, though lower TERs may impact revenues. Life insurance and general insurance are expected to report an improvement in premium growth. Tight liquidity conditions from previous quarter and pressure on group may keep cost of funds high for lending businesses. Hence, growth in HFC and CF may stay on the lower side with impact on margins. Hence, overall PAT is seen at ₹ 253 crore, a decline of 7% QoQ.
HDFC Ltd	Loan growth expected at ~16% YoY to ₹416952 crore. NII seen growing at 4.7% YoY to ₹2892 crore factoring higher cost of funds seen since Q3 on tight liquidity. Other income growth remains strong led by dividend income of ₹537 crore vs ₹ 332 crore YoY and investment sale income at ₹314 crore. Considering the same, expect flat NIM at around 2.47%. Standalone profit seen at ₹2473 crore up 17% QoQ and down 3% YoY led by Ind AS adjustments. Expect performance from AMC to improve in Q4, led by bouyant markets in march inspite of declining TERs. Moderate growth in life insurance to keep performance muted.
Bajaj Finance	For Bajaj Finance, Q4 is not expected to be as strong as the seasonally strong Q3 but it would still be decent. AUM is expected to increase 39% YoY to ₹ 116509 crore led by rural, housing and consumer segment. Strong player like Bajaj Finance would have gained market share in current scenario when other NBFCs are weak. Calculated NIMs may moderate to ~11.5% from 11.8% in Q3 but strong loan growth may compensate and lead to NII growth of 6% QoQ and 54% YoY. No major negative surprise is expected on the asset quality front. PAT under Ind-As is expected to surge 53% YoY and 8% QoQ to ₹1143 crore.
Bajaj Finserv	For Bajaj Finserv, consolidated performance is seen remaining healthy with 33% YoY growth in revenue, primarily led by continued traction in financing business. Continued buoyant growth in AUM at 39% YoY to ₹ 116509 crore is seen leading to robust momentum in earnings growth at 60% YoY. Health and crop segment may lead to healthy growth in general insurance premium at 20% YoY. Combined ratio is expected to remain below 100%, keeping earnings momentum healthy. Life insurance premium growth expected at 11% YoY, led by traction in group insurance. Consolidated PAT is seen at ₹ 927 crore; up 45% YoY, led by base effect of previous year and robust performance of lending business.
SBI Life Insurance	For SBI Life Insurance, healthy traction in single as well as regular premium is seen supporting business growth. Growth in single premium business is seen at 39% YoY, while regular business is expected to increase at ~20% YoY, led by individual policies. Overall premium growth is seen remaining healthy at 21% YoY. Tight control on opex and range bound movement in G-sec yields is seen leading to 36% YoY growth to ₹ 358 crore. Ploughing of policyholders reserves may remain a tad lower leading to flat PAT at ₹ 374 crore.
Mahindra & Mahindra Finance	M&M Finance is expected to report a healthy performance led by garnering market share in rural auto finance market. Accordingly, we expect advance growth to remain healthy at ~23% YoY to ₹ 62486 crore. Easing of recent liquidity crises is seen broadly keeping cost of funds steady, thereby supporting margins. Resource related opex may remain higher, offset by improved topline. Therefore, earnings is expected at ₹ 355 crore, ~12% QoQ. Improvement in asset quality is anticipated to continue with GNPA ratio at 7.8%. Development on monsoon forecast and management commentary on rural business may be watched.

Source: Company, ICICI Direct Research

Building Materials

Strong tailwinds for organised players in ceramic industry

The prospects for organised players in the ceramic industry are getting stronger on the back of favourable tailwinds for the sector. The National Green Tribunal's (NGT) order to shut down ceramic units running on coal-based gasifiers in Morbi and Wankaner are expected to hit 400-500 players in the Morbi region. This will not only lead to 10-15% escalation in cost of production for players shifting from coal-based gasifiers to gas-based but also increase formalisation in the industry. These factors could lead to an increase in their product prices by 10-15%. All these will act as strong tailwinds for organised players like Somany & Kajaria from our coverage universe that are market leaders and already have operational requirements in place. Additionally, continuously falling gas prices from Q3FY19 levels will be margin accretive for our coverage universe. Overall, we expect strong operational and financial outlook for our tiles universe in FY20E.

MDF market to take time to stabilise

While domestic demand (pegged at 8 lakh CBM/annum) for the product is strong, the industry is reeling under supply glut conditions, which is currently pegged at 13 lakh CBM/annum. Manufacturers saw MDF realisations further fall in Q3FY19 as they cut the product's price to gain market share. After we saw a fall in MDF prices in Q3FY19, we considered a stable price scenario at those levels in our calculations for Q4FY19E. Overall, we expect utilisation levels of our coverage companies to grow steadily in Q4FY19E.

Tiles universe revenues expected to grow 17.3% QoQ

Our tiles universe is expected to post volume growth of 15.5% QoQ to 38.3 MSM with strong tailwinds for organised players like Kajaria & Somany playing out in the industry. Consequently, revenues are expected to grow 17.3% QoQ to ₹ 1388.1 crore. Furthermore, we expect EBITDA margins to expand 50 bps QoQ to 13.5% on account of easing gas prices. Consequently, we expect the bottomline to grow 36.2% QoQ to ₹ 97.0 crore.

Plywood universe revenues expected to grow 3.7% YoY

Led by increase in MDF sales volumes, we expect the topline of plywood universe to grow 10.8% YoY to ₹ 1086.8 crore. However, with MDF realisations expected to fall further, we expect EBITDA margins of the universe to contract 150 bps YoY to 12.7%. Overall, we expect PAT of our plywood universe to grow 3.7% YoY to ₹ 70.9 crore.

Exhibit 21: Estimates for Q4FY19E: (Tiles) (₹ Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Kajaria Ceramics	862.3	15.0	13.7	144.0	19.9	19.2	79.9	21.2	22.1
Somany Ceramics	525.7	-2.5	23.8	45.8	-26.3	30.7	17.0	-41.3	86.1
Total	**1,388.1**	**7.7**	**17.3**	**189.8**	**4.2**	**21.8**	**97.0**	**2.1**	**30.0**

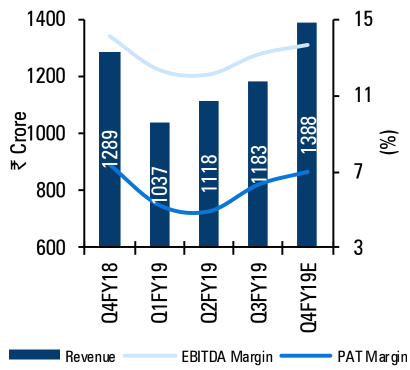
Source: Company, ICICI Direct Research

Exhibit 22: Estimates for Q4FY19E: (Plywood) (₹ Crore)

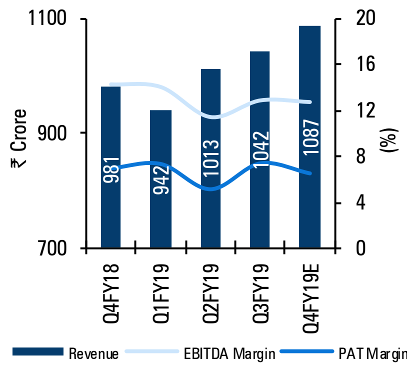
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Century Plyboards	616.8	13.4	6.6	80.9	-2.7	6.6	43.0	20.4	3.9
Greenply Industries	470.0	7.5	1.5	57.6	0.8	-1.3	27.9	-14.5	-21.8
Total	**1,086.8**	**10.8**	**4.3**	**138.5**	**-1.2**	**3.2**	**70.9**	**3.7**	**-8.0**

Source: Company, ICICI Direct Research

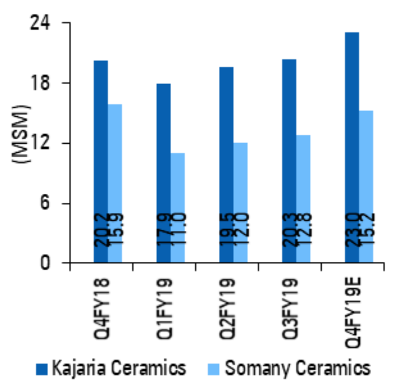
Topline & Profitability (Tiles Universe)



Topline & Profitability (Plywood Universe)



Sales volume trend (Tiles Universe)



Top Picks

Kajaria Ceramics

Somany Ceramics

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Exhibit 23: Company Specific Views (Tiles)

Company	Remarks
Kajaria Ceramics	We expect Kajaria Ceramics to post strong sales volume growth of 13.7% YoY to 23.0 million square metre (MSM) in Q4FY19E, in line with management guidance of 14-15% in H2FY19E. On the revenues front, we expect it to grow 15.0% YoY to ₹ 862.3 crore mainly led by volume growth. Additionally, with a decline in gas prices in Q4FY19E and with the company taking a couple of operational measures like reducing the kiln firing time, we expect EBITDA margin to expand 70 bps YoY to 16.7%. Consequently, we expect the bottomline to post growth of 21.2% YoY to ₹ 79.9 crore
Somany Ceramics	On account of higher base in Q4FY18, we expect a blip in Somany's sales volume, which is expected to decline 4.2% YoY to 15.2 MSM. However, we are structurally positive on the company. Sales volumes are expected to grow 19.4% on a sequential basis. Moreover, with the company taking price hikes across its product portfolio, we expect its benefits to continue in Q4FY19E. Hence, we expect revenues to grow 27.9% QoQ to ₹ 543.2 crore. Furthermore, Somany is well positioned to reap benefits from falling gas prices. Thus, we expect EBITDA margins to expand 45 bps QoQ to 8.7% (gas prices: ₹ 37.5/SCM in Q4FY19 v/s ₹ 40/SCM in Q3FY19). Consequently, we expect PAT to grow strongly at 96.8% QoQ to ₹ 18.0 crore

Source: Company, ICICI Direct Research

Exhibit 24: Company Specific Views (Plywood)

Company	Remarks
Century Plyboard	Century Ply's topline is expected to grow 13.4% YoY to ₹ 616.8 crore due to higher revenues from the MDF division (MDF plant began commercial operations in Q4FY18, and, hence, lower utilisation at 60% during the quarter). We expect the MDF division to operate at 89% capacity utilisation and clock revenues worth ₹ 89.8 crore in Q4FY19E. Plywood & allied division revenues are expected to grow 5.9% YoY at ₹ 340.0 crore. With the company increasing its focus on low-margin mid-segment plywood products and MDF realisations falling across the industry in 9MFY19, we expect EBITDA margins to contract 220 bps YoY to 13.1%. Overall, we expect the bottomline to grow 20.4% YoY to ₹ 43.0 crore on account of incremental revenues from MDF division, lower depreciation and lower finance costs
Greenply Industries	We expect Greenply's plywood division sales volumes to grow 11.1% YoY to 15.4 MSM, leading to plywood revenues growth at 15.2% to ₹ 346.3 crore in Q4FY19E. On the other hand, MDF division sales volumes are expected to grow 45.8% YoY to 58,997 CBM due to additional output from the Andhra Pradesh plant that was commissioned in Q2FY19, leading to MDF revenue growth of 17.7% YoY to ₹ 123.7 crore. Overall, we expect topline to grow 7.5% YoY to ₹ 470.0 crore. With MDF realisations falling across industry and higher cost of raw materials, EBITDA margins are expected to contract 80 bps YoY to 12.3%. Henceforth, we expect the bottomline to de-grow 14.5% YoY to ₹ 27.9 crore due to EBITDA margin contraction, higher depreciation

Source: Company, ICICI Direct Research

Exhibit 25: Key News in Q4FY19 (Building Materials)

Company/Sector	News
Ceramic Industry	The National Green Tribunal (NGT) has ordered a shut down of all ceramic units that run on coal gasifiers and has asked ceramic units to switch to LNG/PNG to continue operations. As many as 550 out of 1000-odd manufacturing units face closure as they run on coal gasifiers

Source: Company, ICICI Direct Research

Cement

Capacity expansions and year-end volume push to keep volume growth healthy during the quarter…

Capacity expansions by major players along with year-end volume push would lead to volume growth of 7.8% YoY for I-direct coverage universe. In terms of companies, volume growth of Ultratech, Shree cement to remain above industry average due to capacity expansions, while volume growth of companies like ACC, Ambuja and Heidelberg to remain muted due to capacity constraints. On the other hand, volume growth of companies with major focus on AP-Telangana would remain healthy due to higher off-take in infra segment. Demand in West & East regions is expected to remain stable during the quarter while in Central region, demand is expected to remain weak temporarily due to recent elections in Chhattisgarh & MP.

Pricing scenario improved; South players to benefit the most

Channel checks suggest strong upward revision in prices in the southern region in the quarter gone-by, which can be attributable to both a weak base as well as strong demand momentum. Pan-India realisations have improved by ~3% on a QoQ as well as YoY basis backed by positive traction in the prices in west-ex Gujarat (up 4% QoQ) which were further caused by ripple effects of price hikes in south India (up 6.4% QoQ). In East, prices remained broadly stable with strong pricing environment. Prices in the North East and the Central region reported growth of 1.3%, 0.6% and 0.4% QoQ respectively. Although, players in the north had taken price hikes around Feb but were rolled back partially in March, thus average prices for the quarter improved moderately by 1.3% QoQ. However on a YoY basis, the prices are higher by 3.3% in North. Consequently, we expect companies in our coverage universe to report 3.0% YoY increase in realisation to ₹ 4,922/t.

Improved realisation and slower cost inflation to drive earnings

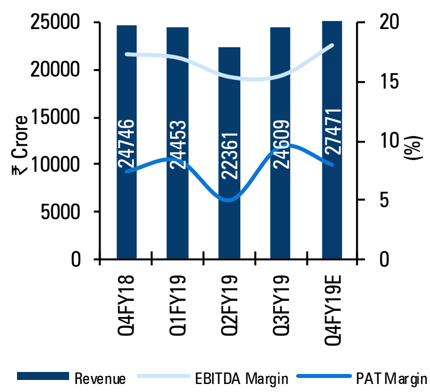
With improved realisations, we expect average lead distance to reduce by 50-60km during the quarter. Further diesel prices have also come down by 9-10% on QoQ basis (from ₹76 to ₹68/litre). This along with better pricing environment would lead to 19% QoQ growth in EBITDA/t to ₹888/t of I-direct universe.

Exhibit 26: Estimates for Q4FY19E: (Cement) (₹ Crore)

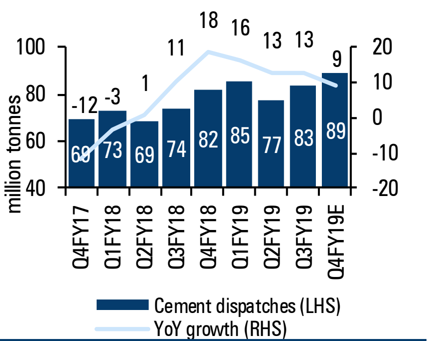
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
ACC ^	3,929.9	10.5	3.7	509.3	20.0	33.7	302.0	20.6	-58.8
Ambuja ^	2,995.2	4.6	4.6	515.8	1.7	27.7	294.8	8.5	-45.1
Heidelberg	561.7	6.9	0.6	119.3	4.4	1.9	58.9	14.2	-1.4
India Cement	1,462.6	4.6	11.1	231.4	45.9	71.6	51.3	45.4	1,537.9
JK Cement	1,433.8	9.0	12.6	257.5	41.6	22.3	127.8	32.5	109.8
JK Laxmi Cement	996.6	11.1	6.6	134.9	33.2	37.3	43.1	27.3	192.0
Mangalam Cement	336.2	10.5	0.4	24.1	106.5	96.6	6.1	LP	674.1
Ramco Cements	1,350.7	7.6	11.6	287.6	5.7	34.4	130.2	19.9	28.8
Sagar Cements	350.4	18.8	9.8	63.7	64.3	111.4	18.3	285.5	LP
Shree Cement	3,386.1	20.5	21.8	903.9	43.6	27.3	461.4	15.6	53.1
Star Cement	572.4	9.4	37.5	169.7	15.2	38.0	94.7	-12.2	15.1
UltraTech Cem	10,095.1	12.1	14.6	1,750.4	2.8	25.9	613.5	25.7	36.6
Total	**27,470.5**	**11.0**	**11.6**	**4,967.6**	**15.8**	**29.9**	**2,202.0**	**19.5**	**-5.9**

Source: Company, ICICI Direct Research, ^Q1CY19E

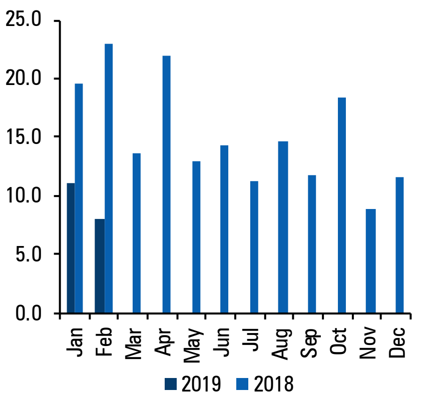
Top line & Profitability (Coverage Universe)



All-India quarterly cement dispatches



Monthly production growth YoY(%) - Till Feb19



Top Picks

Ramco Cement
Sagar Cements

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Company specific view

Company	Remarks
ACC	ACC is expected to post volume growth of 6.5% to 7.6 MT for Q4FY19E, though slower than the industry growth rate on account of capacity constraints. Aided by higher cement prices and increased contribution of premium products we expect a 3.7% growth in realizations to ₹ 5190/t. Slowing cost inflation and improving realizations would lead to 12.7% growth in EBITDA/t to ₹ 673/t. Consequently PAT would grow 20.6% YoY to ₹ 302 crore
Ambuja Cement	Looming concerns of capacity constraints are expected to weigh on Ambuja's volume growth; as a result we estimate a 2.1% growth in volumes to 6.3 MT. North and East being Ambuja's major markets witnessed realizations growth of more than 3%. Thus we expect the blended realizations for Ambuja to grow at 2.5% YoY. High base on account of inventory adjustments in the previous year, are expected to result in a modestly higher EBITDA at ₹ 516 crore, up 1.7% YoY. PAT would be lower QoQ due to tax provisions written back in Q4CY18
UltraTech Cement	Additional volumes from Binani Cement acquisition will be visible from this quarter. Thus Ultratech is expected to clock volumes of 19.4 MT, 10% higher YoY and 13.5% higher sequentially. EBITDA/t is expected to improve on a sequential basis by 11% to ₹ 902/t. Despite EBITDA improving by 1.7% YoY, we expect PAT to grow by ~26% to ₹ 614 crore, as the company had taken a hit of ₹ 226 crores in the P&L in the previous year, being a one time provision.
Shree Cement	Ramping up of capacities added in Karnataka, Rajasthan and Bihar are expected to support the spur in volume growth of 13.3% YoY to 7.3 MT. Realizations are expected to grow 5% YoY to ₹ 4366/t. Strong volume growth added by healthy realizations should lead to EBITDA and EBITDA/t growing by ~43.6% and ~24.5% respectively YoY. However higher interest rates and depreciation are expected to weigh down the YoY PAT growth at 15.6% to ₹ 461 crore
India Cement	Strong upward price revision in its stronghold market is expected to push the India Cement's realization higher by 7% sequentially. A high base is expected to slow down the volume growth to 1.9% YoY. We expect utilization levels to cross 81% for Q4FY19E and get close to the 80% level for FY19E. Higher realizations and softening of cost inflation are expected to lead to EBITDA/t growing 43.2% YoY to ₹ 735/t. The substantial growth of net profit in this quarter over the previous quarter is primarily on account of a low base effect
JK Cement	JK Cement is expected to clock blended volumes of 2.8 MT, a growth of 3.3% YoY. Realization growth is expected to be mainly attributable to higher prices for grey cement. Consequently we expect EBITDA/t to expand by 37% YoY to ₹ 916/t. PAT is estimated at ₹ 128 crore.
JK Lakshmi Cement	In Q4FY18, JK Lakshmi witnessed strong realization growth but a negative volume growth. Thus for Q4FY19, we anticipate a moderate realization growth of 1.4% YoY and a 9.5% growth in volumes, attributing to the base effect. A growth of 21.6% in EBITDA/t and 33.2% in EBITDA is expected.
Mangalam Cement	Realizations are expected to grow 4.5% YoY to ₹ 4050/t, owning to high concentration of sales in the Northern region. Operating margins despite improving by 340bps YoY, are expected to stay in single digits at 7.2%.
Heidelberg Cement	Owing to capacity constraints and low offtake due to just cocluded state elections, volumes are expected to remain broadly flat, both QoQ as well as YoY. Realizations in the region have remained flattish QoQ, hence we expect Heidelberg Cement to report a modest expansion of 0.5% QoQ in its realizations to ₹ 4337/t. Accordingly expect company to clock EBITDA margins of 21% for Q4FY19E

Source: Company, ICICI Direct Research

Sales Volume (Coverage Universe)

In MT	Q4-19E	Q4-18	YoY(%)	Q3-19	QoQ(%)
ACC	7.6	7.1	6.5	7.5	1.0
Ambuja	6.3	6.2	2.1	6.1	3.6
UltraTech*	19.4	17.6	10.0	17.1	13.5
Shree Cem	7.3	6.4	13.3	5.9	23.0
India Cem	3.1	3.1	1.9	3.0	6.5
JK Cement*	2.8	2.7	3.3	2.5	12.5
JK Lakshmi	2.4	2.2	9.5	2.3	6.1
Mangalam	0.8	0.8	5.7	0.8	1.2
Heidelberg	1.3	1.3	2.0	1.3	0.1
Star Cem	0.9	0.8	9.8	0.7	34.4
Ramco Cem	2.9	2.7	7.0	2.7	6.6
Sagar Cem	0.9	0.8	18.0	0.9	-1.1
Total	55.9	51.8	7.8	50.9	9.8

** blended sales volume (grey & white)*

Region-wise cement retail prices

₹/50 kg bag	Q4-19E	Q4-18	YoY(%)	Q3-19	QoQ(%)
North	305	296	3.3	301	1.3
East	355	352	0.8	353	0.6
South	345	333	3.5	324	6.4
West	321	311	3.3	309	4.0
Central	340	331	2.9	339	0.4
North East	402	388	3.4	398	0.8
Pan India	334	325	2.9	325	3.0

Cement Realizations (Coverage Universe)

₹/tonne	Q4-19E	Q4-18	YoY(%)	Q3-19	QoQ(%)
ACC	5190	5003	3.7	5051	2.7
Ambuja	4717	4602	2.5	4671	1.0
UltraTech	5204	5103	2.0	5154	1.0
Shree Cem	4366	4160	5.0	4316	1.2
India Cem ^	4616	4496	2.7	4316	7.0
JK Cement*	5102	4838	5.5	5097	0.1
JK Lakshmi	4076	4019	1.4	4056	0.5
Mangalam	4050	3875	4.5	4084	-0.8
Heidelberg	4337	4137	4.8	4316	0.5
Star Cem	6512	6560	-0.7	6374	2.2
Ramco Cem	4600	4571	0.6	4392	4.7
Sagar Cem	3850	3825	0.7	3469	11.0
Average	4922	4777	3.0	4815	2.2

EBITDA per tonne (Coverage Universe)

₹ per tonn	Q4-19E	Q4-18	YoY(%)	Q3-19	QoQ(%)
ACC	673	597	12.7	508	32.5
Ambuja	782	815	-4.1	659	18.7
UltraTech*	902	965	-6.5	813	11.0
Shree Cem	1188	956	24.2	1100	8.0
India Cem	735	513	43.2	456	61.2
JK Cement*	916	669	37.0	843	8.7
JK Lakshmi	552	454	21.6	426	29.5
Mangalam	290	148	95.3	149	94.2
Heidelberg	921	900	2.3	905	1.8
Star Cem	1927	1836	4.9	1877	2.7
Ramco Cem	982	995	-1.3	779	26.1
Sagar Cem	700	503	39.2	328	113.7
Average	887	825	7.5	743	19.3

Company specific view

Company	Remarks
Star Cement	Star cement is expected to report stable realizations, rather a marginal drop of 0.7% YoY to ₹ 6512/t. Owing to healthy demand in the north-east we expect Star Cement to report 9.5% growth in volumes, EBITDA/t is expected to witness a 4.9% growth to ₹ 1927/t. Consequently, EBITDA and PAT are estimated to be at ~₹ 170 crore and ~ ₹ 95 crore indicating a growth of 38% and 15.1% QoQ respectively.
Ramco Cement	Attributing to a high base in the previous year, we expected Ramco's realizations to stay flattish YoY, growing by 0.6% YoY to ₹ 4600/t. EBITDA is estimated at ~ ₹ 288 crore for Q4FY19E, growing by 34.4% QoQ and PAT by 28.8% QoQ or 15.6% YoY to ~ ₹ 130 crore
Sagar Cement	Ramping up of the recently added capacities in FY19 led by strong demand in AP-Telangana region, Sagar Cements is expected to report a strong double digit growth of 18% in its volumes to 0.91 MT for Q1FY19E. Higher utilization levels should aid EBITDA growth. Hence, we expect EBITDA margins to expand by ~ 500 bps YoY to 18.2%, backed by both better realizations as well as higher utilization levels. Consequently PAT and EBITDA are expected to grow by ~ 64% and ~ 286% YoY (owing to low base of last year) to ~ ₹ 64 crores and ~ ₹ 18.3 crores respectively.

Source: Company, ICICI Direct Research

Capital Goods and Power

Capital Goods:

L&T to lead Q4FY19E with strong order inflows;

Q4FY19E has been a reasonable quarter for capital goods universe order inflows despite frontloading in 9MFY19 and cautious stance ahead of general elections in 2019. L&T and BEL received strong order inflows while KEC, Kalpataru Power received moderate order inflows. Bhel, Thermax order inflows remained muted. Overall, coverage companies (Bhel, KEC, KPTL, Thermax) ex-L&T, announced order inflows worth ₹ 7660 crore despite challenging environment in power T&D segment, led by public sector and government orders while L&T has announced orders in excess of ₹ 47000 crore and expected to report strong order inflows growth. L&T has secured orders in excess of ₹ 16000 crore in hydrocarbon, ₹ 18000 crore in construction, ₹ 3500 crore in power T&D and around ₹ 9500 crore in water & effluent treatment segment. BEL also reported robust order inflows of ₹ 6700 crore. Order inflows in power T&D EPC space remained reasonable with KEC, Kalpataru winning orders worth ₹ 5698 crore collectively, despite slowdown in T&D segment which was compensated by railways and pipeline segments. While Bhel reported order inflows at ₹ 1962 crore, Thermax order inflows remained muted. Overall, order inflows were reasonable across railways, water effluent and hydrocarbon segments.

Revenue, EBITDA to grow by 14.0%, 14.6% (Ex BEL & BHEL)

Overall, the coverage universe revenue is expected to grow 11.9% owing to stable execution rates at engineering and T&D companies. Ex BEL and Bhel, we expect EBITDA to grow 14.6% YoY amid accelerated execution by companies like L&T and Kalpataru. BEL and Bhel is expected to report weak operating performance due to higher base of Q4FY18 and lower gross margins for the quarter.

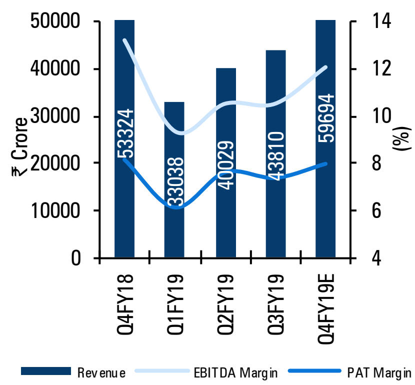
EPC companies to post fairly reasonable execution momentum despite frontloading in 9MFY19

Power T&D EPC companies are expected to report strong revenue growth led by a pick-up in order execution rate. Collectively, KEC, Kalpataru are expected to report 16.3% revenue growth, while EBITDA and adjusted PAT are expected to grow 16.7% and 14.5%, respectively. In terms of individual performance, L&T is likely to report a strong performance with revenue expected to grow 14.0%, EBITDA margin is expected to improve to 13.0% and PAT is expected at ₹ 2866.5 crore with YoY growth of 24.5%. Thermax is expected to continue better execution rate with revenue, EBITDA expected to grow 20.0%, 17.4%, respectively. Bhel's revenue is expected to grow 5.7% with EBITDA expected at ₹ 884.5 crore while PAT is expected at ₹ 423.2 crore, a fall of 7.4% YoY. Companies like Bharat Electronics and Cochin Shipyard are expected to report weak topline growth of 6.5% and 3.3%, respectively, attributed to higher execution rate in 9MFY19 would moderate in Q4FY19E. However, FY20 performance for these companies is likely to remain strong with backlogs and execution rate at all-time high.

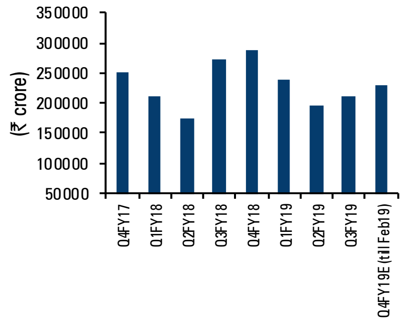
Product companies to post mixed performance

Bearings companies like SKF, Timken and NRB are likely to report topline growth in the range of 9-12% on account of growth pick-up in industrial segment/exports. We also expect stable EBITDA margins on account of pass through in input prices. However, companies like AIA Engineering are expected to report muted revenue, EBITDA growth of 4.5%, 7.7%, respectively, due to lower-than-expected sales volume growth in mining segment. Greaves Cotton is expected to report revenue, EBITDA growth of 7.3%, 4.6%, respectively, owing to volume growth sluggishness in 3-W OEMs and better growth in non-auto segment.

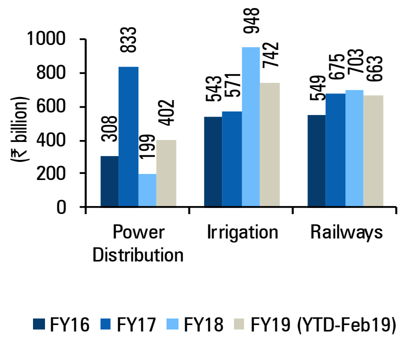
Topline & Profitability (Capital Goods Universe)



Trend in quarterly tenders (both govt. & private)



Trend in segment wise tenders



Top Picks

L&T
Kalpataru Power
Tinken India
Elgi Equipments

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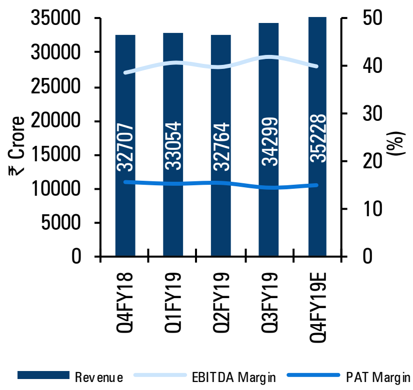
Power:

Generation and capacity addition muted in Q4FY19E

Overall generation in the Indian power sector grew 3.8% over April-February 2019. In terms of segment both thermal, hydro segments exhibited generation growth of 3.8%, 6%, respectively, in the same period. In terms of capacity, all India installed capacity was at 350162 MW given incremental capacity addition in 11MFY19 was at a meagre 2270 MW. The share of thermal and renewable capacity was at 63.7%, 21.3% respectively.

Topline & Profitability (Power Universe)



Tariff Regulation favourable for regulated players

The Central Electricity Regulatory Commission (CERC) notified the final power tariff regulation 2019 in which the proposed return on equity was higher-than-expected at 15.5%. Also, allowance of relaxation of 85 Kcal/kg on weighted average gross calorific value for coal based stations during storage at generation stations is likely to reap positive benefits to the tune of ₹ 1000-1100 crore for NTPCs.

NTPC to post reasonable all round performance

Overall, the coverage universe revenue is expected to grow 7.7% while PAT is expected to grow 3% YoY. In terms of individual performance, NTPC is likely to report a reasonable Q4FY19E as it has commissioned capacity to the tune of 1700 MW coupled with generation growth of 4.8% YoY. Power Grid is expected to report muted capitalisation in the range of ₹ 8000-9000 crore given Q4FY19E was historically a heavy quarter in terms of capitalisation. PAT may grow 21.2% YoY on the back of 14.7% topline growth and low base of PAT for previous quarter. CESC is expected to report muted generation growth at standalone and subsidiary levels, leading to PAT decline of 21.3% YoY.

Exhibit 27: Estimates for Q4FY19E: (Capital Goods) (₹ Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
AIA Engineering	777.3	4.5	7.0	178.8	7.7	8.2	143.1	-5.8	11.0
Bharat Electronics	3,843.1	6.5	41.5	562.2	-29.4	-26.8	342.1	-38.8	-32.6
BHEL	10,730.1	5.7	46.3	884.5	-28.2	304.4	423.2	-7.4	120.5
Cochin Shipyard Ltd	620.5	3.3	-13.4	120.8	5.0	-23.8	99.6	8.7	-23.2
Engineers India Ltd	563.1	10.5	-2.4	67.4	17.2	-29.0	78.7	14.1	-13.3
Greaves Cotton	521.7	7.3	3.0	73.0	4.6	3.5	51.6	8.0	11.8
Elgi Equipments	542.8	17.4	15.4	63.2	22.6	33.1	31.6	16.6	34.9
Grindwell Norton	424.1	10.6	7.4	73.4	1.1	14.6	44.6	1.4	8.2
Kalpataru Power	2,322.4	20.2	34.7	253.1	21.0	37.7	137.7	31.4	49.7
KEC Internnational	4,185.2	14.2	58.1	422.7	14.3	50.2	207.1	5.5	84.4
KSB Pumps	228.6	7.6	-34.1	21.7	8.0	-54.7	11.6	3.6	-54.1
L&T	30,702.9	14.0	37.4	3,991.4	15.4	86.5	2,866.5	24.5	75.3
NRB Bearings	262.7	11.6	8.3	46.8	11.1	11.5	28.8	9.4	12.4
SKF India	765.5	8.8	-0.3	119.7	12.8	-1.6	81.9	14.5	-7.4
Thermax Ltd	1,572.2	20.0	26.0	176.1	17.4	74.5	121.1	20.3	90.8
Timken India	383.5	11.0	-0.3	51.3	11.4	-7.7	26.5	11.7	0.1
Va Tech Wabag	1,248.4	20.3	88.6	107.4	13.4	117.9	67.8	8.5	462.6
Total	**59,694.1**	**11.9**	**36.3**	**7,213.6**	**2.2**	**56.5**	**4,763.5**	**9.6**	**47.0**

Source: Company, ICICI Direct Research

Exhibit 28: Estimates for Q4FY19E: (Power Universe)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
CESC	1,735.7	-3.3	1.7	199.4	-24.8	-1.3	232.1	-21.3	34.6
NTPC	24,529.8	6.2	1.7	6,108.2	3.4	-7.2	2,750.5	-6.0	15.3
Power Grid Corp	8,962.6	14.7	5.8	7,797.5	19.5	3.0	2,227.7	21.2	-4.4
Total	**35,228.1**	**7.7**	**2.7**	**14,105.0**	**11.1**	**-1.7**	**5,210.3**	**3.0**	**6.6**

Source: Company, ICICI Direct Research

Exhibit 29: Company specific views (Capital Goods)

Company	Remarks
AIA Engineering	In Q4FY19E, we expect AIA Engineering to report subdued volume growth with volumes expected at 64695 MT impacted by a delayed offtake by customers. However, the mining segment is likely to deliver modest volumes growth of 16-17% on a low YoY base. We expect realisation growth of 7.0% during the quarter on account of a change in the product mix and forex gains. As a result, revenues are expected to grow 4.5% to ₹ 777.3 crore. EBITDA margin is expected to improve to 23.0%. Consequently, PAT is expected to decline by 5.8% to ₹ 143.1 crore, partly atributed to higher tax rate.
Bharat Electronics	We expect BEL to report muted topline growth of 6.5% YoY (to ₹ 3843.1 crore) due to high base of Q4FY18 and strong revenue bookings in 9MFY19 (topline growth of 22.1% YoY). Absolute EBITDA is also likely to decline 29.4% YoY (lower execution plus high base effect of Q4FY18). We expect EBITDA margins of 14.6% vs. 22.1% YoY. Other income is expected to decline ~60% YoY as cash balances have got depleted on account of an increase in working capital and dividend payouts. Accordingly, we expect PAT to decline 38.8% YoY to ₹ 342.1 crore. While the Q4FY19E numbers look weak, FY19E numbers are expected to be strong. All-time high order backlog is also likely to augur well for BEL in FY20E-21E
Bhel	In Q4FY19E, Bhel's order inflow came at ₹ 1962 crore including orders for 129 MW solar PV plant, emission control equipment, railway track electrification order and setting up of EV charging stations. During the quarter, Bhel commissioned 250 MW Nabinagar plant and 800 MW super critical plant. Revenues are expected to grow 5.7% to ₹ 10730.1 crore amid low base. EBITDA margin is expected at 8.2% while EBITDA expected to decline 28.2% owing to higher raw material cost to sales. PAT expected at ₹ 423.2 crore with PAT margin of 3.9%
Cochin Shipyard	We expect CSL to report muted revenue growth of 3.3% YoY to ₹ 620.5 crore due to high base effect of Q4FY18. We expect EBITDA margins of 19.5% vs. 19.2% YoY. Margins are likely to be a tad higher due to higher contribution from the ship repair segment (compared to Q4FY18). Thus, absolute EBITDA is likely to increase 5% YoY to ₹ 120.8 crore. PAT is expected to increase 8.7% YoY to ₹ 99.6 crore
Engineers India	We expect EIL to report topline growth of 10.5% YoY to ₹ 563.1 crore led by execution in the turnkey segment. We estimate ~60% contribution from the turnkey segment in Q4FY19E). EBITDA margins are expected at 12% vs. 11.3% YoY (Q4FY18 witnessed very high execution in turnkey segment). Absolute EBITDA to increase 17.2% YoY to ₹ 67.4 crore due to low effect. Other income is likely to increase 13.8% YoY. Thus, PAT is expected to grow at 14.1% YoY to ₹ 78.7 crore
Greaves Cotton	For Q4FY19E, we expect Greaves Cotton to report muted volumes at 74280 in 3W (passenger, goods) while 4W volumes expected to be around 9270 units. Non-auto segment is likely to post modest growth. Revenues are expected to grow 7.3% on YoY to ₹ 521.7 crore. EBITDA margins expected to be subdued YoY at 14.0%. Adjusted PAT is expected to grow 8.0% YoY to ₹ 51.6 crore due to exceptional items in Q4FY18. PAT margin is expected at 9.9%
Elgi Equipments	For Q4FY19E, we expect Elgi Equipments to report a robust performance driven by continued traction in its air compressors, both in domestic and international segment. Consolidated revenues are expected to grow 17.4% YoY to ₹ 542.8 crore while EBITDA margins are expected at 11.6% vs.11.2% YoY due to slightly lower operational expenses. Accordingly, EBITDA is expected to grow 22.6% YoY while PAT is expected to grow 16.6% YoY to ₹ 31.6 crore mainly led by higher than expected depreciation charges
Grindwell Norton	GNL is expected to report topline growth of 10.6% YoY to ₹ 424.1 crore on the back of ~8% growth in the abrasives segment, ~12% growth in the ceramics segment and ~15% growth in the new initiatives segment. EBITDA margins are expected at 17.3% vs. 18.9% YoY due to higher input costs during the quarter. Accordingly, EBITDA and PAT are expected to grow 1.1% YoY and 1.4% YoY, respectively. We expect absolute PAT of ₹ 44.6 crore for the quarter
Kalpataru Power	KPTL has announced orders worth ₹ 2270 crore as on date for Q4FY19E, which includes T&D orders worth ₹ 1429 crore and ₹ 841 crore in pipeline segment. It also commissioned element -2 of Alipurduar transmission line. KPTL is expected to report strong Q4FY19E performance with revenues expected to grow 20.2% to ₹ 2322.4 crore driven by execution in railway infrastructure, pipeline and T&D segment. EBITDA margin is expected at 10.9% with EBITDA growth of 21%. PAT is expected to grow 31.4% to ₹ 137.7 crore on a YoY basis partly attributable to higher tax rate in Q4FY18

Source: Company, ICICI Direct Research

Exhibit 30: Company Specific Views (Capital Goods) Continued...

Company	Remarks
KEC International	During Q4FY19E, KEC announced order inflows worth ₹ 3428 crore as on date, which includes ₹ 1871 crore worth of orders in T&D business, ₹ 905 crore in railways business and ₹ 652 crore in smart infra & civil business. We expect revenues to grow 14.2% to ₹ 4185.2 crore owing to healthy order book and improved order execution in key segments. EBITDA is expected to grow 14.3% to ₹ 422.7 crore while EBITDA margin is expected to remain flat at 10.1% YoY. PAT is expected to grow 5.5% to ₹ 207.1 crore
KSB Pumps	KSB Pumps is expected to report steady topline growth of 7.6% YoY in Q1CY19E. Pump segment sales are expected at ₹ 183 crore (up 6% YoY) while valves segment sales are expected at ₹ 45.6 crore (up 15.3% YoY). At the EBITDA level, we expect margins to be steady at 9.5% for the quarter. For Q1CY19E, EBITDA is expected at ₹ 21.7 crore (up 8% YoY) while PAT is expected at ₹ 11.6 crore, up 3.6% YoY
L&T	During Q4FY19E, L&T has received robust order inflows worth more than ₹ 47000 crore which includes orders in excess of ₹ 16000 crore in hydrocarbon, ₹ 18000 crore in construction, ₹ 3500 crore in power T&D, and ₹ 9500 crore in water & effluent treatment segment. Front loading of orders by L&T suggests better execution rate in domestic market in Q4FY19E and FY20. Consequently, we expect L&T's standalone revenue to grow 14.0% to ₹ 30702.9 crore. EBITDA margin is expected to improve 20 bps to 13.0% with adjusted PAT expected to grow 24.5% at ₹ 2866.5 crore
NRB Bearings	We expect NRB to report topline growth of 11.6% YoY to ₹ 262.7 crore, on the back of healthy exports. EBITDA margins are expected to be stable at 17.8%. EBITDA and PAT are expected to grow 11.1% YoY and 9.4% YoY, respectively. We expect absolute PAT of ₹ 28.8 crore for the quarter
SKF India	SKF is expected to deliver revenue growth of 8.8% YoY to ₹ 765.5 crore. This is due to pick up in industrial segment of the business. Auto segment is expect to deliver muted performance due to flattish growth in overall auto segment. We expect EBITDA margins of 15.6% vs. 15.1% YoY. Absolute EBITDA and PAT are likely to grow 12.8% YoY and 14.5% YoY, respectively. We expect PAT of ₹ 81.9 crore for the quarter
Thermax	For Q4FY19E, Thermax' order inflow may remain muted. In terms of financial performance, we expect revenue to grow 20.0% to ₹ 1572.2 crore owing to strong execution rate. We expect EBITDA margins to remain muted at 11.2% and EBITDA growth at 17.4%, YoY. PAT is expected to grow 20.3% to ₹ 121.1 crore with PAT margin of 7.7%
Timken India	We expect Timken India to report 11% YoY growth to ₹ 383.5 crore on the back of healthy offtake in exports and railway segment of the business. EBITDA margins are expected stable at 13.4%. Accordingly, absolute EBITDA and PAT are likely to grow 11.4% YoY and 11.7% YoY, respectively. We expect absolute PAT of ₹ 26.5 crore
VA Tech Wabag	Wabag is expected to report topline growth of 20.3% YoY to ₹ 1248.4 crore on the back of continued execution in both domestic and overseas orders. Key monitorable for Wabag will be receivable days' position and progress on payments from Genco Projects. Wabag is likely to report EBITDA margins of 8.6%. Absolute EBITDA is likely to grow 13.4% YoY to ₹ 107.4 crore. We expect absolute PAT of ₹ 67.8 crore for the quarter (up 8.5% YoY)

Source: Company, ICICI Direct Research

Exhibit 31: Company Specific Views: (Power)

Company	Remarks
NTPC	The company commissioned capacity to the tune of ~1700 MW in Q4FY19E. NTPC is expected to report 4.8% YoY and 4.6% YoY growth each in gross generation and energy sold at 71.9 billion units and 67.2 billion units, respectively. We build in realisation of ₹ 3.60/kWHR, up 1.5% YoY. Hence, revenues are expected to grow 6.2% YoY to ₹ 24529.8 crore. Consequently, we expect EBITDA and PAT to come in at ₹ 6108.2 crore and ₹ 2750.5 crore, respectively
Power Grid	We expect the company to capitalise transmission assets to the tune of ₹ 8000-9000 crore in Q4FY19E. With strong capitalisation in the past two to three years, we expect transmission revenues to grow 14% YoY to ₹ 8571.5 crore whereas segments like telecom and consultancy are expected to grow 10% and 2% YoY, respectively. EBITDA is expected to grow 19.5% YoY on lower base of Q4FY18. Finance costs are expected to go up 17% YoY. Consequently, profitability is expected to grow 21.2% YoY to ₹ 2227.7 crore (lower base of Q4FY18)
CESC	CESC is expected to report decline in gross generation in its standalone operations on account of an elongated winter season. Gross generation is expected to fall 1.4% YoY at 148.5 crore units. However, energy sold is likely to report decline of 6.6% YoY at 248 crore units. Dhariwal Infrastructure and Haldia energy (Subsidiaries) are also likely to report decline in generation in Q4FY19E. Standalone revenues are expected to decline 3.3% YoY to ₹ 1735.7 crore. PAT is expected to decline 21.3% YoY at ₹ 232.1 crore on the back of lower other expenses and higher other income in Q4FY18

Source: Company, ICICI Direct Research

Road & Construction

Robust overall tendering activity in 11MFY19

Overall tendering has been strong with ₹ 8,74,375 crore worth tenders floated in 11MFY19, ~5% higher than total value of tenders floated in 11MFY18. Power distribution saw robust tendering activity with total tender value jumping 2.5x to ₹ 40,177 crore in 11MFY19. Total tendering in railways sector saw 5% YoY increase in tendering activity to ₹ 66,317 crore in 11MFY19. On the flip side, tendering activity in the roadways sector declined ~20% YoY to ₹ 3,18,935 crore in 11MFY19 possibly due to cautious stance from NHAI and MoRTH.

Execution momentum seen strong in FY20E

While tendering activity has been slower, awarding activity has been stronger with ₹ 72,944 crore worth road projects awarded in 11MFY19, a 58% YoY rise. While in Q3FY19 conference calls, managements in the road construction sector indicated a possible ₹ 1,00,000 crore worth tendering in Q4FY19, the government floated tenders worth ~₹ 72,000 crore in January & February, 2019 combined. As anticipated earlier, awarding in Q4FY19 has not been up to the mark. Furthermore, we expect tendering and awarding activity to be subdued in the coming three to six months due to the Code of Conduct kicking in from March, 2019. Nonetheless, our coverage universe in the roads sector has a good order book position (3-4x TTM revenues) and achieved timely financial closure for various HAM projects. Hence, we expect our coverage universe to meet their FY19E & FY20E execution targets.

Road universe revenues to grow at robust pace YoY

Our road universe is expected to post strong revenue growth of 19.6% YoY to ₹ 4723.5 crore led by 46.0% YoY growth in Ashoka Buildcon's revenues to ₹ 1025.1 crore in Q3FY19E. The revenues of our construction universe are expected to grow 18.7% YoY to ₹ 7394.0 crore led by 48.9% YoY growth in NCC's topline to ₹ 2459.8 crore.

PAT of our construction universe to grow 22.7% YoY….

The bottomline of our construction universe is expected to post growth of 4.7% YoY to ₹ 286.6 crore on account of PAT decline for NBCC. However, NCC and Simplex are expected to keep overall PAT growth buoyant. Our road universe bottomline is expected to de-grow 15.4% YoY to ₹ 445.6 crore.

Exhibit 32: Estimates for Q4FY19E: (Road) (₹ Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Ashoka Buildcon	1,025.1	46.0	-3.8	126.3	56.4	-15.1	73.8	-30.0	18.6
IRB Infra	1,761.8	27.5	-1.5	763.4	15.9	0.4	244.6	2.0	11.8
PNC Infratech	790.3	4.1	8.7	106.7	-33.7	4.5	56.4	-49.5	19.0
Sadbhav Eng.	1,146.3	3.8	23.8	137.5	10.9	24.1	70.9	1.4	26.0
Total	**4,723.5**	**19.6**	**4.8**	**1,133.8**	**10.7**	**1.0**	**445.6**	**-15.4**	**15.8**

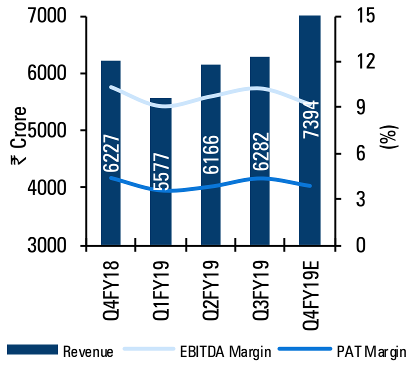
Source: Company, ICICI Direct Research

Exhibit 33: Estimates for Q4FY19E: (Construction) (₹ Crore)

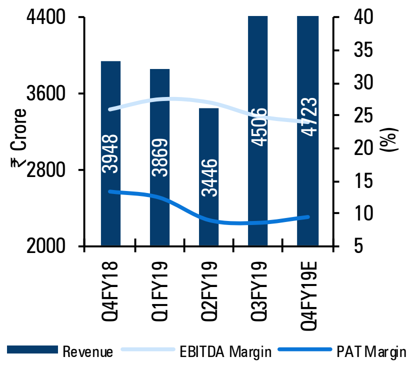
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
NBCC	2,459.8	12.6	48.9	133.3	-26.5	81.6	111.7	-21.1	43.8
NCC	3,225.3	34.7	0.0	353.2	16.0	-10.0	134.1	30.5	-16.3
Simplex Infra	1,708.8	3.7	21.8	196.0	23.5	9.6	40.8	39.0	12.5
Total	**7,394.0**	**18.7**	**17.7**	**682.5**	**5.9**	**5.9**	**286.6**	**4.7**	**4.5**

Source: Company, ICICI Direct Research

Topline & Profitability (Construction Universe)



Topline & Profitability (Roads Universe)



Top Picks

NCC

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Exhibit 34: Company Specific Views (Construction)

Company	Remarks
NCC Ltd	In Q4FY19, NCC received total orders worth ₹ 12,797 crore while in FY19E, it received orders worth ~₹ 25,600 crore. With this, the company has substantially surpassed its revised FY19E order inflow (OI) guidance of ₹ 20,000 crore for FY19E (earlier OI guidance was ₹ 14,000 crore). Taking cue from its 9MFY19 performance and further guidance for FY19E, we expect strong execution in Q4FY19E. Hence, we expect NCC's topline to grow 34.7% YoY to ₹ 3225.3 crore while its EBITDA margins are expected at 11.0% in Q4FY19E. Overall, we expect bottomline to grow robustly by 30.5% YoY to ₹ 134.1 crore in Q4FY19E **Key monitorable**: Management commentary on execution, receivables & net debt
Simplex Infrastructure	Simplex Infrastructure has a strong order book position at ₹ 16,805 crore (2.7x TTM revenues) as of Q3FY19. While the management guided for strong revenue growth for Q4FY19E, the company has a stretched working capital cycle. Hence, we build-in moderate revenue growth of 3.7% YoY in Q4FY19E. On the margin front, we expect EBITDA margins to expand 180 bps YoY to 11.5%. Consequently, we expect the bottomline to expand 39.0% YoY to ₹ 40.8 crore in Q4FY19E. SIL's gross debt was steady at ₹ 3,536 crore in Q3FY19 (₹ 3572 crore in Q2FY19). The debtors' recovery and consequent debt reduction holds key for improvement in Simplex's financial performance **Key monitorable**: Management commentary on debtor's recovery & debt reduction
NBCC	NBCC has a very comfortable order book position at ~₹ 85,000 crore. The management clarified that two of the three Delhi redevelopment projects viz. Sarojini Nagar and Netaji Nagar have received clearance for construction work on 80-90% area and strong execution is expected on other projects. With this, the management is highly confident of clocking 30% YoY revenue growth in FY19E. Hence, we expect NBCC's PMC revenues to grow 16.4% YoY to ₹ 2323.2 crore in Q4FY19E. Overall, we expect NBCC's revenues to grow strongly by 12.1% YoY to ₹ 2432.1 crore in Q4FY19E. Due to change in accounting standards to Ind-As 115, we expect overall EBITDA margins to contract 290 bps YoY to 5.4%. However, on a sequential basis, EBITDA margins are expected to expand 100 bps. Overall, NBCC's bottomline is expected to de-grow 21.1% YoY to ₹ 111.7 crore in Q4FY19E **Key monitorable**: Clarity over Jaiprakash Infratech's acquisition, tendering of big ticket redevelopment contracts to third party & its execution, consistency on PMC division margin profile

Source: Company, ICICI Direct Research

Interest expense trend

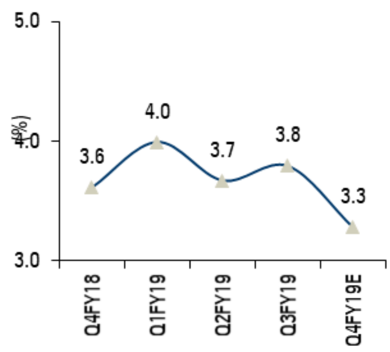


Exhibit 35: Key News in Q4FY19 (Construction)

Company/Sector	News
Infrastructure sector	Rating agency India Ratings has maintained a stable outlook for all the infrastructure sectors, barring thermal power, for the FY20E. As per the agency, growth in GDP will positively impact sectors such as road and airports as the traffic volumes are likely to increase.
NBCC	As per media reports, NBCC is seen to be leading the race to acquire Jaypee Infratech under insolvency resolution plan. NBCC has offered to make an upfront payment of ₹ 1000 crore to lenders and has also earmarked ₹ 2150 crore for homebuyers apart from retiring bank loans of ₹ 3000 crore. A key element of the plan is the hive-off of Taj Expressway as a separate firm, which will help raise ₹ 2000 crore of fresh debt, from which ₹ 1000 crore will go to homebuyers and the reamaining will go to lenders

Source: Company, ICICI Direct Research

Exhibit 36: Company Specific Views (Roads)

Company	Remarks
Ashoka Buildcon	With Ashoka Buildcon (ABL) receiving appointed date for HAM projects recently, we anticipate an execution pick-up in Q4FY19E. Hence, we expect ABL's revenue to grow strongly by 46.0% YoY to ₹ 1025.1 crore in Q4FY19E. EBITDA margins are expected to expand 150 bps YoY to 13.0% as we factor in management's guidance band of 12.0-12.5 for FY19E. On the profitability front, we expect PAT to show a decline by 30.0% YoY to ₹ 73.8 crore on account of higher other income in Q4FY18. The company had received ₹ 38.4 crore as arbitral claims in Q4FY18. In Q4FY19, ABL received arbitration award aggregating ₹ 36.3 Crore (incl. of interest till awarding date) against NHAI for the Govindpur (Rajgunj)-Chas-West Bengal Border project in Jharkhand. We have not factored in this amount in our Q4FY19E calculations **Key monitorable**: Status on recently won HAM projects & its execution ahead
IRB Infrastructure	We expect topline to grow strongly at 27.5% YoY to ₹ 1761.8 crore on account of a better operational performance on all fronts. Toll revenues are expected to grow at a strong 12.8% YoY to ₹ 538.2 crore due to higher revenue contribution from Solapur Yedeshi and Krishangarh Gulabpura projects, which commenced operations from Q4FY18. Construction revenues are expected to grow robustly by 43.7% YoY to ₹ 1223.6 crore due to better execution during the quarter. We expect EBITDA margins to contract 430 bps YoY to 43.3% on account of higher contribution from low-margin construction business in Q4FY19E. The bottomline is expected to grow moderately by 2.0% YoY to ₹ 244.6 crore due to strong topline growth. **Key monitorable**: Guidance on execution of HAM projects and toll performance
PNC Infratech	PNC Infratech's topline is expected to grow 4.1% YoY to ₹ 690.3 crore on account of high base in Q4FY18. EBITDA margins are expected to optically contract 770 bps YoY to 13.5% on account of bonus receipts worth ₹ 58 crore in Q4FY18. Adjusting for these, EBITDA margin are expected to remain flat YoY. Overall, while PNC's bottomline is expected to post optical de-growth of 49.5% YoY to ₹ 56.4 crore, adjusting for bonus receipts in Q4FY18, PAT is expected to grow 5.3% YoY. **Key monitorable**: Progress on HAM projects
Sadbhav Engineering	Sadbhav Engineering (SEL) is looking to monetise 12 of Sadbhav Infrastructure's (SIPL) road projects. SEL holds ~70% stake in SIPL. Hence, monetisation of the 12 road projects would help the company de-leverage its balance sheet. Nonetheless, with a ramp up in execution on big ticket HAM projects, we expect the topline to grow 3.8% YoY to ₹ 1146.3 crore in Q4FY19E. Moreover, EBITDA margins are expected to expand 80 bps YoY at 12.0% on account of higher contribution from HAM projects. Overall, we expect the bottomline to grow by a meagre 1.4% YoY to ₹ 70.9 crore in Q4FY19E **Key monitorable**: Improvement in execution & status on financial closure & execution on various HAM projects

Source: Company, ICICI Direct Research

Interest expense trend

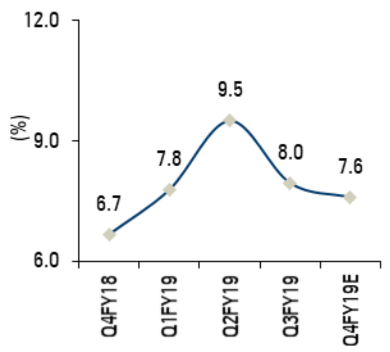


Exhibit 37: Key News in Q4FY19 (Roads)

Company/Sector	News
Sadbhav Engineering Ltd	As per media reports, Sadbhav Engineering (SEL) is in final stages of discussions to sell a chunk of its roads portfolio in its subsidiary Sadbhav Infrastructure Project (SIPL), to Cube Highways. Cube Highways has emerged as the frontrunner for 12 of SIPL's road projects. The enterprise value of the projects is expected to be over ₹ 10,000 crore.
Ashoka Buildcon	Ashoka Buildcon Limited (ABL) has received arbitration award aggregating ₹ 36.3 crore (incl. of interest till date) against NHAI for the Govindpur (Rajgunj)-Chas-West Bengal Border project in Jharkhand

Source: Company, ICICI Direct Research

Consumer Discretionary

Double digit growth for durables segment

The I-direct consumer discretionary (CD) universe is likely to record sales growth of 14% YoY, led by both volume and price in Q4FY19E. The volume growth of the universe would be largely driven by strong volume growth in Asian Paints (up ~14% YoY) in Q4FY19E. Kansai is likely to record ~7% YoY blended paint volume growth in Q4FY19E driven by ~13% YoY growth in decorative segment. However, industrial paint volume growth is likely to remain muted for Kansai Nerolac due to a slowdown in the automotive industry. Piping segment in our coverage universe is likely to record volume growth of ~12% YoY on a low base and slight revival in demand from rural India. On the other hand, the performance of cooling product majors like Voltas, Lloyd and Symphony are likely to be hit by extended winter during Q4FY18E. We believe volume growth will remain muted in the air conditioner and air cooler segment.

Lower volume of cooling products to weigh on EBITDA margin

The I-direct CD universe is likely to record ~100 bps YoY contraction in EBITDA margin mainly due to high base and lower margin of cooling product companies. The high base (especially of piping product companies) was largely on account of lower raw material prices in Q4FY18, which had been passed on gradually to its customers. However, a reversal was seen in raw material prices from Q2FY19. We believe, higher employee cost and other expenses to weigh on EBITDA margin of piping companies. In order to safeguard gross margins, companies (CD universe) have taken a price hike in the range of ~3-7%, which would partially offset higher raw material prices (titanium dioxide prices up ~6% YoY, PVC price up 9% YoY), thus cushioning gross margin. However, muted volume growth in cooling products would weigh on overall EBITDA margins during Q4FY18E.

Lower margin to weigh on universe PAT growth

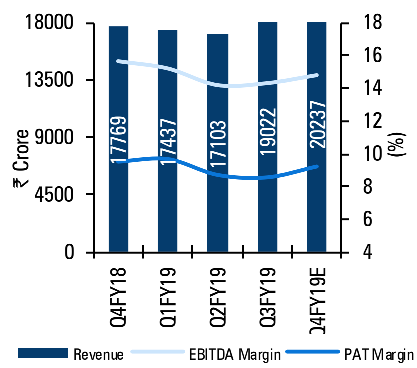
We believe the positive impact of sales growth would be partly offset by lower EBITDA margin, which would translate into single digit (of ~8% YoY) PAT growth in Q4FY19. Under our coverage, Asian Paints, Pidilite Industries are likely to record strong PAT growth of ~27%, ~1% YoY, respectively.

Exhibit 38: Estimates for Q4FY19E: (Consumer Discretionary) (₹ Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Asian Paints	5,248.3	17.1	-0.9	1,021.2	21.6	-2.1	629.3	26.9	-2.8
Astral Poly Technik	803.0	23.4	26.7	126.1	6.6	34.7	70.9	8.5	31.5
Bajaj Electricals	1,837.2	14.4	-15.0	125.0	-7.4	-9.3	53.9	637.3	-15.6
Essel Propack	682.6	8.6	-1.7	127.6	9.8	-2.8	50.4	10.8	8.6
Havells	2,913.1	14.9	15.7	345.9	-3.3	17.4	225.9	0.1	15.4
Kansai Nerolac	1,225.0	11.0	-8.8	160.2	-5.2	-9.5	98.7	-6.7	-12.4
Pidilite Industries	1,701.8	14.6	-7.9	333.9	21.9	-0.9	287.8	16.3	32.0
Supreme Industries	1,683.5	14.4	19.4	279.1	-2.7	58.9	161.4	-9.9	99.3
Symphony	166.5	7.1	NM	50.8	2.5	NM	40.7	-2.9	NM
V-Guard Industries	689.9	4.8	16.1	51.4	35.7	14.2	27.8	0.8	-17.5
Voltas Ltd	2,230.0	8.9	49.5	220.8	-12.8	90.8	163.8	-15.6	109.7
Time Technoplast	1,056.0	12.0	21.0	155.2	6.4	23.3	55.7	-0.1	2.8
Total	**20,236.9**	**13.9**	**6.4**	**2,997.2**	**7.7**	**10.0**	**1,866.3**	**10.3**	**14.6**

Source: Company, ICICI Direct Research

Topline & Profitability (Coverage Universe)



EBITDA Margin (%) movement

EBITDA margin	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19
Asian Paints	18.7	19.9	16.9	19.7	19.5
Kansai Nerola	15.3	16.0	15.1	13.1	13.1
Pidilite Ind	18.4	20.8	20.8	18.2	19.6
Essel Propack	18.5	17.6	18.2	18.9	18.7
Havells	14.1	12.0	12.0	11.7	11.9
Bajaj Ele	8.4	7.0	5.0	6.4	6.8
V-Guard	5.7	7.3	8.3	7.6	5.6
Voltas	12.4	11.3	7.6	7.8	9.9
Supreme Ind	19.5	13.8	16.1	12.5	16.6
Astral Poly	18.2	16.3	15.0	14.8	15.7
Symphony	31.9	1.3	30.4	30.2	30.5
Time Techno	15.5	15.4	13.0	14.4	14.7

Volume growth movement of paint companies

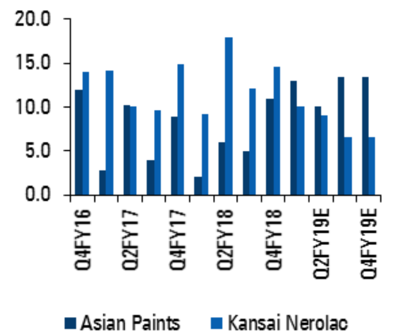


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Exhibit 39: Company Specific Views (Consumer Discretionary)

Company	Remarks
Asian Paints	Asian Paints is likely to record sales growth of ~17% YoY to~₹ 5248 crore in Q4FY19E led by volume growth (includes industrial paint) of ~13% YoY. We believe that price hike coupled with operating leverage (owing to strong volume growth) would help drive EBITDA margin up ~70 bps YoY at 19.5%. Margin expansion coupled with strong sales growth would result in strong PAT growth of 27% YoY at ₹ 629 crore
Astral Poly Technik	Astral Poly is likely to record net sales growth of ~23% YoY to ₹ 803 crore. On the segment front, piping segment revenue growth of ~25% YoY to ₹ 610 crore led by volume growth ~23% YoY is mainly due to acquisition of Rex. Revenue growth of the adhesive division would be ~18% YoY to ~₹ 193 crore led by an increase in plant utilisation and dealer addition. The EBITDA margin is likely to decline ~250 bps YoY to ~16% mainly due to higher base and increase in employee expenses. Supported by strong sales growth, PAT is likely to grow 8% YoY to ~₹ 71 crore
Bajaj Electricals	BEL is likely to record sales growth of ~14% YoY to ~₹ 1837 crore in Q4FY19E, led by 27% YoY growth in revenue of consumer durable to ₹ 820 crore. Low base coupled with increase in touch points through Range, reach expansion programme helped drive segment sales growth. Besides, slow execution of existing orders would lead ~6% YoY growth in revenue of EPC segment to ₹ 1017 crore. EBITDA margin may decline ~160 bps YoY to 6.8% supported by a decline in profitability of EPC. PAT is likely to grow from a low base of ₹ 7 crore (due to one-time loss booked in Q4FY18) to ₹ 54 crore in Q4FY19
Essel Propack	Consolidated revenue growth was ~9% YoY to ₹ 683 crore in Q4FY19E led by strong recovery in sales from AMESA regions (with sales growth of 15%). America and Europe regions would grow ~14% and ~7% YoY, respectively, mainly due to low base. On the margin front, EBITDA margin is likely to remain flat YoY at 18.7% YoY as higher gross margin would be partly offset by higher employee cost (due to start of new unit in Assam). Higher sales would partly offset the increase in other non-operating expenses, which would result in 11% YoY growth in PAT at ~₹ 50 crore
Havells India	Havells is likely to record consolidated sales growth of ~15% YoY to ₹ 2913 crore. We believe barring Lloyd business (likely to record decline in sales by ~7% YoY) all other segments such as switchgear, cable, ECD and lighting are likely to grow ~23%, ~27%, 16% & 16% YoY, respectively. We believe high base and lower operating leverage (in the Lloyd business) would weigh on overall EBITDA margin that is likely to fall ~200 bps YoY to 12%. As a result, PAT may remain flat at ₹ 226 crore
Kansai Nerolac	Kansai is likely to record revenue growth of ~11% YoY to ₹ 1225 crore led by volume growth of ~7% YoY in Q4FY19E. The tepid volume growth would be due to muted industrial paint demand from automotive segment. As a result, the EBITDA margin may decline ~220 bps YoY to ~13% in Q4FY19E. Pressure from EBITDA margin would result in lower PAT during Q4FY19 (down ~7% YoY to ~₹ 99 crore)
Pidilite Industries	Consolidated sales are likely to grow ~15% YoY to ~₹ 1702 crore in Q4FY19E supported by 15% and 4% YoY growth in revenue of consumer & bazaar and industrial product segment to ₹ 1418 crore and ₹ 296 crore, respectively. We believe benign VAM prices to benefit company in terms higher gross margin, which would result increase in EBITDA margin by 120 bps YoY 19.6%. As a result, PAT would remain flat YoY at ~₹ 239 crore

Source: Company, ICICI Direct Research

Exhibit 40: Exhibit 2: Company Specific Views (Consumer Discretionary)

Supreme Industries	SIL's plastic segment sales are likely to increase ~14% YoY to ~₹ 1684 crore in Q4FY19E led by same amount of volume growth. We believe the piping segment is likely to record revenue growth of 13% YoY at ₹ 900 crore led by volume growth of ~13%. The packaging and industrial product category may record sales growth of 25% and 17% YoY, respectively. Despite flattish gross margin EBITDA margins are likely witness a decline of 290 bps YoY at 16.6% mainly due to higher other expenditure. Finally, PAT is likely to decline ~10% YoY to ~₹ 161 crore
Symphony	We believe Symphony's lacklustre performance would continue in Q4FY19E due to slow pick-up in demand of air coolers owing to extended winter season. The company is likely to record muted sales growth of 7% YoY at ₹ 167 crore in Q4FY19 led by same amount of price growth. We believe though the gross margin would remain flat, lower volume growth would result in lower operating leverage. As a result, EBITDA margins may fall ~140 bps YoY at ~30% with PAT likely to remain flat at ₹ 41 crore on a YoY basis
V-Guard	V-Guard is likely to record muted sales growth of ~5% YoY at ₹ 690 crore mainly due to flattish sales in electronics segment (contributes 30% of sales) at ₹ 207 crore in Q4FY19E. We believe muted AC demand during Q4FY19 would result in lower stabilisers sales during Q4FY19. Others segment like electricals and consumer durable segment are likely to record sales growth of 7% each YoY at ₹ 316 crore and ₹ 167 crore, respectively. We believe lower operating leverage would impact the EBITDA margin, which may remain flat at ~6%. Lower sales growth coupled with flattish EBITDA margin would result in flattish PAT during Q4 at ~₹ 28 crore
Voltas	Voltas is likely to record sales growth of ~9% YoY to ~₹ 2208 crore in Q4FY19E led by EMPS segment sales growth of ~15% YoY to ₹ 1009 crore. We believe the UCP segment performance (muted sales growth of 4% YoY) would be muted owing to extended winter and slow pick-up in demand of AC in northern India. EBITDA margin is likely to decline ~250 bps YoY to 10% in Q4FY19 led by lower operating leverage in the UCP segment. This coupled with higher tax provision may drag PAT down ~16% YoY at ~₹ 164 crore
Time Technoplast	Revenues are likely to grow ~12% YoY to ~₹ 1056 crore supported by ~16% YoY increase in sales of value added products to ₹ 185 crore. Growth could be largely driven by, composite cylinders and Mox films. The established product category likely to grow at ~12% YoY to ₹ 871 crore. We believe the EBITDA margin may decline ~80 bps YoY to 14.7% led by higher other expenditure. Finally, PAT is likely to remain flat at ~₹ 56 crore

Source: Company, ICICI Direct Research

FMCG

Volume growth to stay healthy; margins to contract marginally

Our FMCG universe reported strong volume growth over the last five quarters led by a strong pick-up in rural demand. We expect this growth momentum to moderate a bit, whereby sales are expected to grow 10% YoY on the back of a shift towards premiumisation trend across categories, naturals' space gaining traction, new launches across categories in addition to higher election spend by the government closer to general elections in May 2019. We expect organic volume growth of 6-8% YoY across companies. ITC is expected to post 8.3% YoY sales growth, well supported by strong growth from the cigarettes & FMCG segments. Cigarettes volume is expected to grow 6% YoY on a low base. HUL, Dabur, Colgate and Jyothy Laboratories are expected to witness robust YoY sales growth of 9.9%, 11.9%, 9.1% and 9.7%, respectively, primarily backed by healthy volume growth in addition to price hikes taken to offset input cost pressures. Nestlé and Varun Beverages are expected to see 12.9% and 9.8% growth, respectively, on a YoY basis, driven by new product/category launches and inorganic expansion. Marico is expected to witness 16.7% YoY sales growth on the back of ~9% domestic volume growth and strong pick up in international business. GSK Consumer is expected to post 9.8% YoY sales growth mainly driven by 8% volume growth

Input cost pressure to impact margin profile

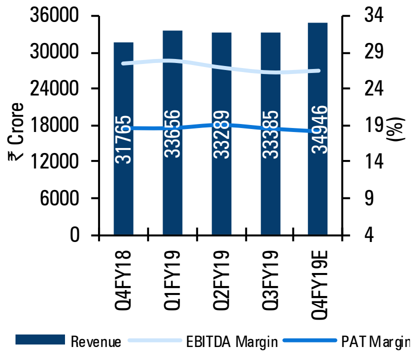
Barring softening of few commodities such as palm oil, Robusta on a YoY basis (palm oil down 18%, Robusta down 15%), our FMCG universe is witnessing a sharp rise in input cost prices over the last few months. Milk procurement, barley, cocoa prices have increased 10%, 30% and 15%, respectively, on a YoY basis. Sugar prices have remained flat (down marginally by 3% YoY). Crude based derivatives (used for packaging) have been volatile for a few months on global cues. This may result in operating margin contraction of 99 bps for our FMCG universe. Increase in sugar and cocoa prices is likely to affect HUL, Varun Beverages and Nestlé. Higher SMP prices along with flat sugar prices is likely to restrict GSK Consumer's margins. However, copra prices have declined 16% YoY, which should benefit Marico. Some of our FMCG universe companies would witness higher marketing spend towards promotions in Kumbh, which would impact their operating margins. We estimate 7.4% YoY net profit growth for our coverage universe.

Exhibit 41: Estimates for Q4FY19E: (FMCG) (₹ Crore)

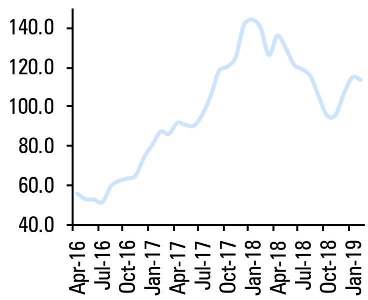
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Colgate Palmolive	1,191.2	9.1	8.4	340.4	10.6	8.2	208.0	10.2	8.3
Dabur India Ltd	2,274.4	11.9	3.4	464.0	-4.4	4.2	387.1	-2.5	5.4
GSK Consumer	1,295.4	9.8	16.0	281.4	12.6	18.0	233.1	10.1	5.5
HUL	10,001.5	9.9	4.6	2,102.0	2.6	2.7	1,452.4	7.5	0.6
ITC	11,463.3	8.3	2.1	4,552.7	9.9	5.2	3,226.5	10.0	0.5
Jyothy Laboratories	523.5	9.7	20.5	88.8	-1.9	23.8	55.9	-7.4	15.4
Marico Ltd	1,726.8	16.7	-7.2	296.9	17.7	-14.9	212.2	15.8	-15.7
Nestle India	3,113.9	12.9	7.5	694.0	-1.5	15.9	399.3	-5.8	16.8
Tata Global Beverage:	1,845.6	9.3	-3.5	144.6	-0.7	-26.3	87.3	22.0	-19.8
Varun Beverages Ltd	1,201.8	9.8	53.0	192.9	11.7	303.5	24.7	25.1	LP
VST Industries	308.3	10.4	5.2	90.4	13.5	4.7	56.4	16.8	1.8
Total	**34,945.6**	**10.0**	**4.7**	**9,248.1**	**6.0**	**5.5**	**6,342.8**	**7.4**	**2.5**

Source: Company, ICICI Direct Research

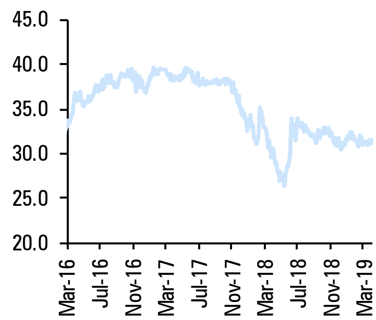
Topline & Profitability (Coverage Universe)



Copra price trend (₹/kg)



Benign sugar prices (₹/kg)



Top Picks

Jyothy labrotories

ITC

Analysts

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Crude oil prices trend ($/barrel)

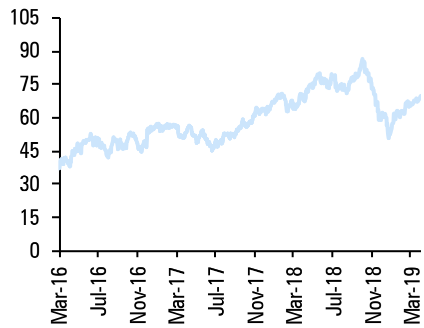


Exhibit 42: Company Specific Views (FMCG)

Company	Remarks
Colgate	We expect Colgate to post 9.1% YoY sales growth mainly driven by ~6% volume growth. The company should be able to gain market share on the back of slowing competition intensity resulting in increase in volumes. On the back of price hikes taken by the company over last year, we expect slight operating margin expansion of 39 bps to 28.6% YoY. Net profit is likely to grow 10.2% YoY to ₹ 208 crore
Dabur	Dabur is expected to post healthy revenue growth of 11.9% YoY driven by domestic sales growth of 13.1% (volume growth of ~8%). The company has been focusing on market share gains, which should help maintain domestic volume growth. International operations would witness slower growth of 8.4% YoY on account of underperformance of MENA region and currency fluctuation impact. We expect EBITDA margins to contract 347 bps YoY to 20.4% on a high base in addition to increase in marketing spend. PAT is expected to remain flat at ₹ 387.1 crore
GSK Consumer Healthcare	The company is expected to witness sales growth of 9.8% YoY mainly driven by volume growth of 8% in addition of inclusion of export regions in the portfolio. We expect gross and operating margins to continue its margin expansion trajectory, well supported by lower input prices, especially milk prices. However, an increase in barley prices should restrict operating margin expansion to 53 bps to 21.7% YoY. Net profit is likely to grow 10.1% YoY to ₹ 233.1 crore
HUL	HUL is expected to post 9.9% YoY sales growth on the back of 7% volume growth across categories as shift towards naturals' products and increasing premiumisation trend should help maintain the growth trajectory for the FMCG major. The company should witness operating margin contraction of 150 bps to 21% due to higher marketing spend towards promotions in Kumbh. We expect net profit to marginally grow by 7.5% YoY to ₹ 1452.4 crore
ITC	We expect ITC to witness sales growth of 8.3% YoY mainly on the back of robust growth from the cigarettes & FMCG segment. Cigarettes segment is likely to witness ~6% volume growth on a low base (2% volume de-growth in Q4FY18). We expect the FMCG segment to witness 10.4% sales growth driven by new launches & premiumisation across categories. We expect net profit to grow 10% to ₹ 3226.5 crore on the back of higher realisations in the cigarette business (the company has taken price hike in select categories) and improvement in FMCG margins
Jyothy Labs	Jyothy Laboratories is expected to post sales growth of 9.7% YoY on the back of broad based growth across categories in addition to weighted average price hike of 3% taken by the company after Q2FY19 to mitigate rising input cost pressure. We expect operating margins to contract 200 bps to 17% YoY due to higher material costs and advertising spend to support new launches. We expect net profit to decline 7.4% YoY to ₹ 55.9 crore
Marico	We expect the company to post 16.7% YoY sales growth on the back of healthy growth of 15.8% in the domestic business on account of ~9% volume growth (base quarter had a de-growth of 5%). We expect the international business to post 19.8% YoY sales growth on the back of strong growth from Bangladesh and Vietnam regions. Due to decline in copra prices on a YoY basis, we expect 17 bps expansion in operating margins to 17.2%. Net profit is expected to increase 15.8% YoY to ₹ 212.2 crore

Source: Company, ICICI Direct Research

Exhibit 43: Company Specific Views (FMCG)

Company	Remarks
Nestlé India	The company is expected to witness 12.9% YoY sales growth to ₹ 3,113.9 crore driven by market share gains and premiumisation of existing categories. We expect the company to post strong volume inspite of high base (13.4% volume growth in base quarter) on the back of new launches and higher advertising spend. With a sharp increase in advertising costs and rising input costs, we expect operating margins to contract 328 bps to 22.3% YoY on an elevated base of 25.6% margins in Q4FY18. We expect net profit to marginally decline 5.8% YoY to ₹ 399.3 crore during the quarter
Tata Global Beverages	Tata Global is expected to post 9.3% sales growth led by 8% growth in tea and 20% growth in branded coffee business. The non-branded business is expected to witness slower growth of 5% YoY on account of muted growth in plantation business. We expect operating margins to contract 79 bps YoY to 7.8% due to higher commodity costs and marketing spend. Net profit is expected to increase 22% to ₹ 87.3 crore
Varun Beverages	The company is expected to post 9.8% YoY sales growth to ₹ 1201.8 crore led by organic volume growth in addition to inclusion of Tropicana juices in company's portfolio. However, Tropicana juices segment would become margin accretive only from April 2019. Also, lower utilisation from acquired territories of Madhya Pradesh, Chhattisgarh and Odisha should result in slight contraction of 14 bps YoY in operating margins to 16%. We expect net profit to grow 25.1% YoY to ₹ 24.7 crore
VST Industries	We expect VST Industries to post 10.4% YoY sales growth primarily led by ~8% volume growth (base quarter volume growth of 2%) in addition to increased contribution from high priced cigarettes in the portfolio. We expect 40-45% contribution from 64 mm cigarettes with the remaining 55-60% volume contribution from 69 mm or above category. Increase in raw material prices would restrict operating margins expansion to 79 bps to 29.3%. We expect net profit to grow by 16.8% to ₹ 56.4 crore
McLeod Russel	McLeod Russel is expected to witness sales de-growth of 12.9% due to sale of 12 tea estates in the recent months. The company sells low quality / left over tea in Q4 as it is off-season for tea industry. We expect the company to post a loss of ₹110 crore against ₹ 142.1 crore in the corresponding quarter

Source: Company, ICICI Direct Research

Hotels

Growth in foreign tourist arrivals to moderate on high base…

Growth in foreign tourist arrivals (FTAs) slowed down to ~4.1% YoY in 9MFY19 following the high base of last year, which reported healthy double digit growth of 14.7% during 9MFY18. The same trend is expected to continue in Q4FY19 as well with expected FTA growth of sub 5% YoY. However, in absolute terms, FTA continue to remain robust. This coupled with balanced room supply across business and leisure destination would keep occupancy levels healthy. With demand growth outpacing supply growth, we expect average room rates to also improve ~4.0% YoY leading to over 9% revenue growth in the domestic market. EIH being a pure domestic play would likely report healthy double digit revenue growth whereas Indian Hotels' profitability would improve sharply YoY due to a turnaround of international subsidiaries. Overall, we expect I-direct hotel universe to report 9.3% YoY revenue growth during the quarter.

Improved RevPAR to boost margins during Q4FY19

Margins of the I-direct hotel universe are expected to improve 470 bps YoY, 20 bps QoQ on account of operating leverage benefit and healthy ARRs. During the quarter, we expect EIH to report margin expansion of 720 bps mainly due to stabilisation of new property in Delhi, which was reopened in January 2018 while Indian Hotels may report margin expansion of 400 bps mainly led by better performance of international subsidiaries. TajGVK may continue to report healthy traction in margins led by cost controls & improved ARR in the Hyderabad region during the quarter.

Leisure destination to see healthy traction in ARRs, occupancy due to peak season

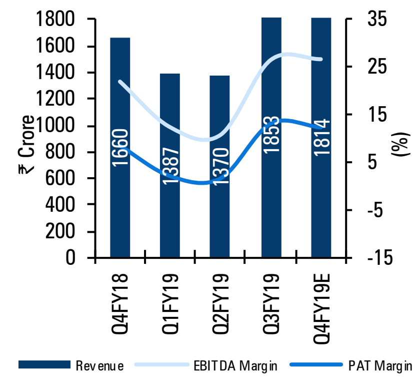
Average occupancy levels continue to remain higher at leisure destinations compared to business destinations during the quarter due to the onset of the peak season. Barring Kochi, occupancy & ARRs of all major tourist destinations are expected to witness a sharp rebound due to healthy traction in domestic tourist growth. In business destinations, Mumbai, Hyderabad and Chennai are expected to register better occupancy compared to the previous year.

Exhibit 44: Estimates for Q4FY19E: (Hotels) (₹ Crore)

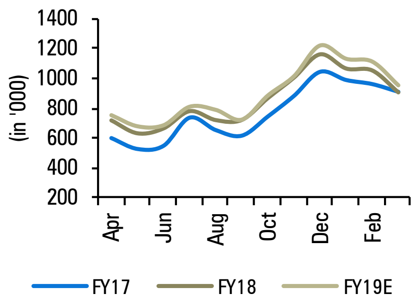
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
EIH	475.8	10.3	7.2	143.7	45.4	8.5	81.9	46.0	28.2
Indian Hotel	1,246.4	9.0	-5.8	316.0	29.2	-5.8	132.0	74.5	-22.4
Taj GVK Hotels	91.7	7.5	6.5	24.3	13.5	4.3	11.3	18.6	19.6
Total	**1,813.9**	**9.3**	**-2.1**	**484.0**	**32.6**	**-1.5**	**225.2**	**59.4**	**-7.5**

Source: Company, ICICI Direct Research

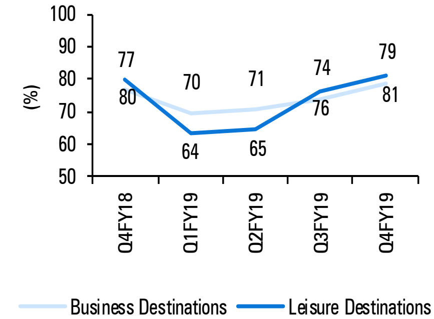
Topline & Profitability (Coverage Universe)



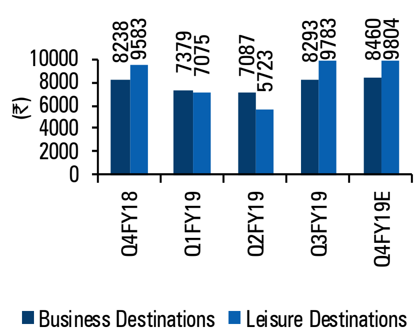
Moderate FTA growth on higher base



Trend in average occupancy level (%)



Trend in average room rates (In ₹)



Top Picks

Indian Hotels

Analysts

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Company specific view

Company	Remarks
Indian Hotels	On the revenue front, we expect domestic revenue growth of 9% YoY in line with industry growth following improved RevPAR. International segment is expected to witness growth of 8.5%. Margins are expected to improve mainly due to healthy ARR growth in the domestic segment coupled with a turnaround of international subsidiaries. Further, lower interest cost would lead to better profitability during the quarter vs. loss reported last year. On a QoQ basis, we expect drop in profitability due exceptional gain of ₹ 41 crore in Q3FY19
EIH	Earnings of EIH may normalise from Q4FY19E onwards with the stabilisation of Delhi property, which was reopened in January 2018. We expect revenue growth of over 11.5% YoY vs. growth of 21.9% last quarter. ARR is expected to increase ~5% YoY supported by healthy occupancy levels. Margins may continue to remain healthy at over 30% during the quarter due to healthy MICE activities and ARRs
Taj GVK Hotel	On the standalone front, we expect revenue growth of 7.5% YoY led by improved ARRs. OPM margins are expected to remain healthy due to better ARRs and operating leverage benefit. Further, a better operating performance from the JV property and lower interest cost may lead to healthy profit growth during the quarter

Source: Company, ICICI Direct Research

Information Technology

Steady quarter led by deal ramp ups, digital growth

A ramp up of deal wins in 9MFY19 and healthy digital growth is expected to drive IT service revenues in Q4FY19E. In addition, US$ depreciation against GBP (1.3% QoQ) is expected to result in cross currency tailwind of 10-20 bps. Tier-1 IT companies are expected to report revenue growth of 1.5-2.4% QoQ in constant currency (CC) terms while mid-tier companies like NIIT Tech and L&T Infotech would lead the growth (2.5 & 4.0% QoQ) on the back of growth momentum in specific revenue segments. However, rupee appreciation, onsite talent crunch, and employee reskilling is expected to keep margins under pressure. L&T Infotech and NIIT Tech are our top picks.

Higher operating cost to keep margins subdued

Taking into consideration net currency impact of ~-30-40 bps coupled with variable pay, higher subcontracting cost and investment in Sales & Marketing (S&M) for some companies, we expect Tier-1 IT companies to report a decline of 20-40 bps QoQ in the EBIT margins. Among Tier-1, HCL Tech is expected to outperform with flat margins on QoQ basis.

Midcap to report broad based quarter; NIIT Tech to lead

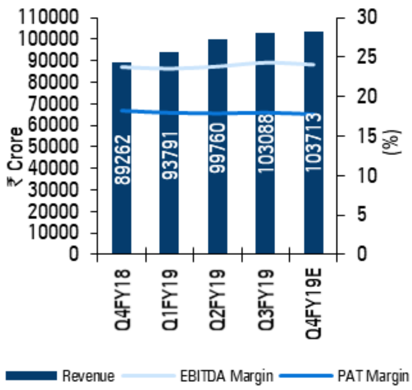
Among our midcap universe, we expect dollar revenue growth for major companies to be healthy compared to Tier-1 companies on the back of the deal pipeline and increasing contribution from digital. Cyient and Persistent growth are expected to remain under pressure due to a delay in orders and weak IP seasonality, respectively. On the EBITDA margin front, rupee appreciation would negatively impact margins. The margin decline in Persistent looks optically higher (down 310 bps QoQ) due to high base in the previous quarter. L&T Infotech is expected to report 170 bps QoQ decline due to higher S&M cost and dip in utilisation.

Exhibit 45: Estimates for Q4FY19E (₹ Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Cyient	1,163.1	9.5	-2.1	162.8	9.1	-6.9	103.6	-14.7	12.5
Eclerx	354.1	-2.0	-1.0	71.2	-11.6	6.0	49.4	-23.3	25.2
Firstsource Sol	988.8	10.2	0.4	134.5	1.5	-1.2	89.3	-3.8	-9.0
HCL Tech	15,898.7	20.6	1.3	3,704.4	22.0	1.6	2,578.7	15.8	-1.2
Infosys	21,419.2	18.4	0.1	5,357.0	8.7	-1.0	4,038.1	9.4	11.9
InfoEdge	293.3	21.9	4.4	81.8	37.8	-1.8	69.5	LP	-6.5
L&T Infotech	2,505.8	25.2	1.3	472.1	61.7	-7.2	378.3	30.8	0.8
NIIT Technologies	987.5	25.2	1.6	181.7	28.1	0.7	122.8	42.6	22.5
Persistent Systems	857.5	13.9	-0.8	142.3	28.2	-16.4	91.7	24.4	-0.1
TCS	37,683.6	17.5	0.9	10,101.0	16.7	0.2	7,632.0	10.5	-5.8
Tech Mahindra	9,024.6	12.0	0.9	1,714.7	21.4	-0.5	1,124.9	-7.9	-6.5
Wipro	15,042.8	9.3	-0.1	3,300.5	31.6	-2.5	2,544.4	41.1	1.4
Total	**103,713.3**	**16.2**	**0.6**	**24,951.8**	**17.6**	**-0.4**	**18,444.3**	**13.4**	**-0.5**

Source: Company, ICICI Direct Research

Topline & Profitability (Coverage Universe)



Dollar growth, QoQ

IT Services	Q4FY19E	Q3FY19	Growth (%)
TCS	5,349.8	5,250.0	1.9
Infosys	3,040.8	2,987.0	1.8
Wipro ^	2,079.2	2,046.5	1.6
HCL Tech	2,257.1	2,202.0	2.5
Tech M	1,281.2	1,260.8	1.6
LTI	355.7	346.9	2.5
Cyient	165.1	165.1	0.0
NIIT Tech	140.2	134.8	4.0
Persistent	121.7	120.8	0.7
eClerx	49.7	50.2	(1.0)
BPO (in ₹)			
Firstsource	988.8	985.2	0.4
Internet (in ₹)			
Info Edge	293.3	281.1	4.4

^ IT services

Top Picks

Larsen & Turbo Infotech
NIIT Tech

Analysts

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Eyes on FY20E guidance, client spending and deal pipeline

The commentary by IT companies on the outlook for FY20E from the angles of client spending and budget, initiatives to propel digital and large deal wins would be watched. Further, the annual revenue guidance for FY20E by IT companies and how companies manage margins amid increasing cost pressures and rupee appreciation would be key monitorables. In our view, besides revenue/margin stance for FY20E, the vertical outlook for banking & insurance, deal pipeline, capital allocation policy & spending for digital growth would be of investor interest.

Exhibit 46: Company Specific view

Company	Remarks
TCS	Healthy deal signings in the prior quarter and growth in digital services is expected to result in constant currency revenues growth of 1.8% QoQ . Cross currency would act as a tailwind of 10 bps leading to US$ revenue growth of 1.9% QoQ to $5,350 million. However, rupee appreciation will curtail rupee revenue growth to 0.9% QoQ (to ₹ 37,684 crore). EBIT margins could decline 20 bps QoQ to 25.4% mainly on account of rupee appreciation partially offset by operational efficiency. Investor interest: Demand outlook for FY20E segregated across business units, margin trajectory, IT budget spend pattern and deal TCV
Infosys	In constant currency, we expect revenues to grow 1.7% sequentially. Cross currency tailwind will lead to dollar revenues growth of 1.8% QoQ to $3,041 million. Rupee revenue may remain largely flat QoQ at ₹ 21,419 crore. EBIT margins may decline 30 bps QoQ to 22.3% primarily owing to rupee headwind, transition costs, wage revision for some employees partly offset by reversal of one time impact of 40 bps (due to Panaya and Skava). Investor interest: FY20E revenue guidance and margin trajectory, strategic priorities and deal pipeline
Wipro	Global IT services constant currency revenues could grow 1.5% QoQ mainly led by continued momentum in BFSI and digital segment. IT services US$ revenues may grow 1.6% QoQ to $2,079 million. In rupee terms, consolidated revenues could be largerly flat QoQ to ₹ 15,043 crore. Global IT services EBIT margins may dip by 40 bps QoQ to 19.4% from a high base of 19.8% attained in Q3FY19. Investor interest: FY20E demand outlook and Q1FY20E guidance, yearly outlook for verticals especially financial services & healthcare and margin trajectory
HCL Tech	Dollar revenues are expected to grow 2.5% QoQ to $2,257 million on the back of ramp up in deals. Rupee revenues may increase 1.3% QoQ to ₹ 15,898 crore. EBIT margins could remain flat QoQ to 19.7% owing to weak IP seasonality & rupee headwind partly countered by waning of partial wage hike impact in Q3. Investor interest: Sustainability of growth in IMS, momentum in IP led partnerships, M&A strategy, revenue and margin guidance for FY20E
Tech Mahindra	We expect US$ revenues to increase 1.6% QoQ to $1,281 million mainly led by 2.5% QoQ growth in the communications segment (mainly led by comviva seasonality). Rupee revenues may grow 0.9% QoQ to ₹ 9,025 crore. Owing to currency headwind and SG&A cost, EBITDA margins may decline 30 bps QoQ to 19.0%. Investor Interest: Enterprise and telecom business trajectory, timelines for 5G rollout, order-book and margin sustainability
Larsen & Toubro Infotech	We expect US$ revenues to increase 2.5% QoQ to $356 million supported by acquisition (contribution of ~0.3% to quarter growth) and higher digital revenues. Rupee revenues may grow 1.3% QoQ to ₹ 2,506 crore. EBITDA margins may decline 170 bps QoQ to 18.8% owing to decline in utilization which is at peak and investments in people. Investor interest: Growth outlook for financial services & insurance, trajectory in top client growth and deal momentum
Info Edge	Rupee revenues are expected to grow 21.9% YoY to ₹ 293 crore led by continued growth momentum in Naukri business (20% YoY) and 99 acres (37% YoY). EBITDA margins may drag 170 bps QoQ to 27.9% owing to expected increase in ad expenses, new product development and cash burn at Jeevansathi. Investor interest: New product initiatives, competitive intensity across businesses and outlook on its largest segment of Naukri
Persistent Systems	Seasonal weakness in IP led business, and low growth in services business, we expect dollar revenues to grow marginally by 0.7% QoQ to $122 million. Rupee revenue may decline 0.8% QoQ to ₹ 857 crore owing to muted growth in dollar revenues and rupee appreciation. EBITDA margins could see a sharp drag of 310 bps sequentially to 16.6% on account of seasonal weakness in high margin IP business and high base of 19.7% in Q3FY19. Investor interest: Revenue/margin outlook, growth trajectory in digital business, updates on IP led business and strategic outlook by new CEO

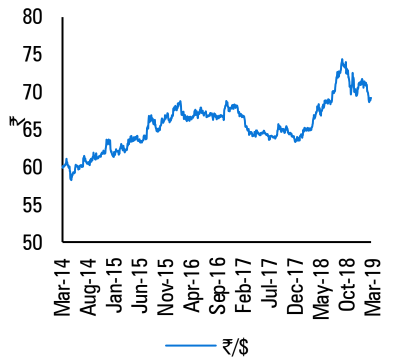
Source: Company, ICICI Direct Research

EBIT margin impact

EBIT margins	Q4FY19E	Q3FY19	Change (bps)
TCS	25.4	25.6	(20)
Infosys	22.3	22.6	(30)
Wipro ^	19.4	19.8	(40)
HCL Tech	19.7	19.7	0
EBITDA margins			
Tech M	19.0	19.3	(30)
LTI	18.8	20.6	(170)
Cyient	14.0	14.7	(70)
NIIT Tech	18.4	18.6	(20)
Persistent	16.6	19.7	(310)
eClerx	20.1	18.8	130
BPO			
Firstsource	13.6	13.8	(20)
Internet (in ₹)			
Info Edge	27.9	29.6	(170)

^ IT services

$/₹



$ vs. global currencies

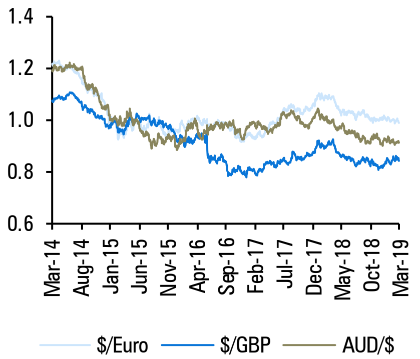


Exhibit 47: Company Specific views

Company	Remarks
Cyient	Accounting for company's warning for delay in orders in both DLM and services business, we expect dollar revenues to remain flat QoQ to $165 million. Services business is expected to grow at 1% QoQ while Design Led Manufacturing (DLM) business is expected to decline 6.7% QoQ. Rupee revenues may de-grow 2.1% QoQ to ₹ 1,163 crore. EBITDA margins may dip 70 bps QoQ to 14.0% owing to rupee appreciation and muted revenue performance. Investor interest: Order book visibility for DLM and growth trajectory in services post expected mid single digit YoY growth in FY19E
eClerx	Rupee revenues may decline 1% sequentially to ₹ 354 crore due to pressure in emerging clients. Dollar revenues are too expected to decline by 1% QoQ to $49.7 million. EBITDA margins could witness an expansion of 130 bps QoQ to 20.1% mainly due to low base in Q3FY19. Investor interest: Revenue and margin trajectory for FY20E, momentum in emerging clients, legacy business outlook (50% of revenues) and margin guidance
NIIT Tech	Dollar revenues is expected to grow at a healthy rate of 4% QoQ to US$140 million led by growth momentum across three major verticals (banking, insurance and travel), digital portfolio and large deal wins. Rupee revenues may grow 1.6% QoQ to ₹ 987 crore. EBITDA margins may decline 20 bps QoQ to 18.4% on account of currency headwind partially countered by operational efficiency (has lever of utilization). Investor interest: Demand trend across focus business verticals, traction in digital segments, order book and margin outlook
Firstsource Solutions	We expect rupee revenues to be broadly flat sequentially to ₹ 989 crore on the back of realignment in top client portfolio. EBITDA margins may decline 20 bps QoQ to 13.6% owing to currency headwind. Investor interest: Update on top client trajectory, updates on project deferment, margin course and guidance for FY20E

Source: Company, ICICI Direct Research

Logistics

Concor volumes continue to remain sluggish

Q4 is generally seen as a strong quarter for the rail container segment mainly due to a strong pick-up in the general economy. However, although ports container volumes have stayed relatively at strong levels (up 7% in Q4), Concor Exim volumes have tapered down (up mere 2%). It is the lowest growth for Concor since Q1FY17 in the Exim segment. The quarter also saw a resurgence in volumes at terminal IV of JNPT but it did not translate into volume growth for Concor, signalling a market share gain for road players, as crude fell 6.8% QoQ along with average road freight rates. Lower crude prices favour road freight vs. rail, as it makes them competitive over longer distances. Similarly, the domestic container segment for Concor showed signs of weakness (up mere 5.5%), in an apparent slowdown to the general 9MFY19 trend (10.1%).

Slowdown in auto segment to impact surface players

Surface players in the business of Supply Chain (TCI supply chain division) and express segment, with a significant auto exposure (TCI Express), are expected to report lower growth due to a slowdown in auto sales seen during the quarter. Although players catering to outbound services for auto players experienced negative growth impact in the previous quarter (Q3FY19), an extended slowdown in the auto sector sales is expected to also impact the inbound services (lag impact), thereby impacting both services for a logistics player. However, the freight segment (relatively low margin segment) is expected to remain strong during the quarter on the back of an improved axle load norms. Hence, it is expected to keep the overall margins at subdued levels.

Major port traffic, air freight volumes slow down

Major port traffic data (12 ports) has slowed down in FY19 with growth of 2.9% to 699 MMT in overall cargo handled (from earlier 9MFY19 volume growth of 3.8%, mainly led by slowed growth in thermal coal traffic). The container segment remains strong at 8.8% to 107 MMT. Air freight data (domestic) has also slowed down at 5% YoY to 0.66 MMT (11MYTD) from earlier growth rate of 10.7% in 9MYTD. The impact can be attributed to lower volumes of Jet Airways (January, February, down 23%), ex-Jet volumes show continued growth of 14.7% in air freight volumes to 0.55 MMT (11MYTD).

Overall profitability expected to remain muted

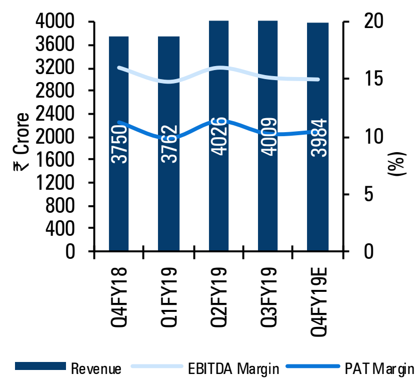
Revenues of our logistics coverage universe are expected to grow 6% YoY to ₹ 3984 crore. On the profitability front, we expect overall EBITDA and PAT growth to remain flat at ₹ 597 crore and ₹ 416 crore, respectively. Incentives provided by Government of India to Container Corporation are expected to grow 9% to ₹ 89 crore in Q4FY19E (₹ 85 crore in Q3FY19).

Exhibit 48: Estimates for Q4FY19E: (Logistics) (₹ crore)

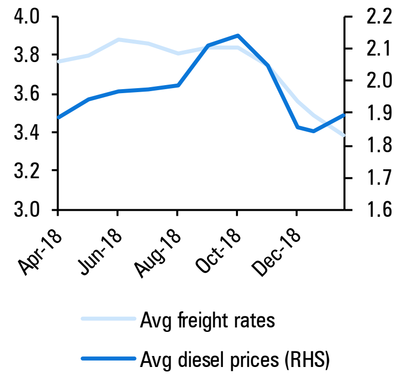
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Blue Dart	759.8	6.0	-11.2	45.6	-19.7	-24.1	22.6	-33.9	-28.1
Container Corporation	1,599.6	2.6	1.7	337.5	-2.6	1.2	286.8	-2.3	4.4
GATI Ltd	481.8	6.0	0.2	22.8	47.1	-4.8	3.7	LP	-11.1
Gujarat Pipavav	175.2	5.9	0.3	99.0	6.4	0.3	53.3	9.8	2.1
TCI Express	266.8	7.0	1.4	30.7	8.0	-0.9	18.7	4.8	-0.3
Transport Corp	700.8	15.8	5.8	61.7	2.0	2.0	30.9	-5.4	3.2
Total	**3,983.9**	**6.2**	**-0.6**	**597.2**	**-0.6**	**-1.7**	**416.0**	**-1.4**	**1.2**

Source: Company, ICICI Direct Research

Topline & Profitability (Coverage Universe)

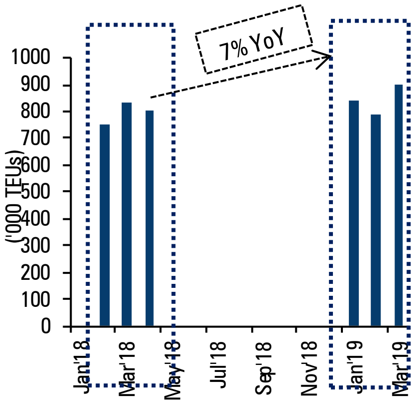


Average road freight rates vs diesel prices



Source: CRISIL, ICICI Direct Research

Indian Major Ports Container data



Source: IPA, ICICI Direct Research

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Exhibit 49: Company Specific Views (Logistics)

Company	Remarks
Container Corporation	Resultant core revenues are expected to remain flat YoY, due to sluggish growth in the Exim (flat YoY) and domestic segment (up mere 5.5%). EBITDA margins are expected to remain muted due to a one-time accounting adjustment with Railways in Q4FY18, which had led to higher margins. Subsequently, absolute EBITDA and PAT is expected to remain largely flat (inclusive of exceptional income of ₹ 89 crore)
Transport Corporation of India	Freight revenues are expected to grow 10% YoY while supply chain and shipping are expected to grow 10% (due to impacted auto sales) and 45% (mainly due to addition of a ship), respectively. Hence, resultant revenues are expected to grow 16% YoY to ₹ 701 crore. However, absolute EBITDA is expected to remain flat, mainly due to an expected 120 bps contraction in EBITDA margin to 8.8%, led by an unfavourable product mix. Subsequently, PAT is expected to de-grow 5% YoY as a weak operational performance is further exacerbated by higher depreciation expense
BlueDart	Revenues are expected to increase mere 6% YoY to ₹ 760 crore, mainly due to an expected higher competitive intensity in the B2C segment and slower revenue pickup on the expanded assets (greater pin code reach). EBITDA margins may contract 190 bps YoY to 6% due to costs associated with continued network expansion (higher employee and other expense). Absolute EBITDA may de-grow 20% YoY to ₹ 46 crore. Subsequently, PAT is expected to de-grow 34%, mainly due to a weak operational performance
Gujarat Pipavav Port	Container volumes are expected to grow 19% YoY to 243100 TEUs, due to continued growth in transhipment volumes (12% volume growth on the EXIM segment, 50% on the coastal+transhipment). However, bulk volumes are expected to remain rangebound. Higher competition from ports in the vicinity and higher transhipment volumes are expected to negatively impact realisation. Overall revenues are expected to grow 6% YoY. EBITDA margins are expected at 56.5% (limited scope of margin expansion due to no change in product mix), leading to 6% EBITDA growth. Subsequently, PAT is expected to grow 10% YoY to ₹ 53 crore
Gati	Consolidated revenues are expected to grow 6% YoY to ₹ 482 crore, mainly led by robust growth in e-commerce revenues and steady performance of the express distribution and supply chain division. Operating margins are expected to improve 130 bps YoY to 4.7%, albeit on a low base. Resultant EBITDA is expected to grow 47% YoY to ₹ 22.8 crore. PAT is expected at ₹ 3.7 crore compared to a loss of ₹ 5.9 crore
TCI Express	Revenues are expected to grow mere 7% YoY to ₹ 267 crore, mainly due to impact of high base and a slowdown in auto sector (transports spare parts to auto companies). EBITDA margins are expected to remain strong at 11.5%. Subsequently, EBITDA and PAT are expected to grow 8% and 5% YoY (PAT relatively lower due to lower tax rate in Q4FY18), respectively

Source: Company, ICICI Direct Research

Media

Stellar content performance; best quarter for Multiplexes

Overall box office collections grew 40%+ YoY in Q4, aided by sleeper hits (five to six movies with ₹ 100 crore+ collections). We expect footfalls for Inox to grow 39.6% YoY to 17.6 mn while ATP is expected to adjust lower at ₹ 185 on account of GST rate change cut. We expect net box office collections to grow 46.5% YoY to ₹ 277.7 crore. We expect (Spend per Head) SPH to improve 11% YoY to ₹ 74 while healthy screen additions is expected to improve F&B collections by 59.8% YoY. Ad revenues for the quarter are expected to grow 25% YoY to ₹ 41.6 crore. We expect Inox to post 540 bps YoY EBITDA margin expansion to 19%. We expect PVR (consolidated) to report 45% YoY growth in footfalls (standalone expected to report 25%+ YoY footfalls growth). F&B income is expected to grow 42.2% YoY to ₹ 223.4 crore. We expect ad revenues to grow 20% YoY to ₹ 86.4 crore. PVR is expected to report a 240 bps YoY improvement in EBITDA margins to 18.5%.

Trai tariff implementation headwinds to impact broadcasters

Broadcasters are expected to be impacted this quarter on account of implementation of Trai's tariff order. We expect Zee Entertainment to report 12% YoY domestic advertisement growth while domestic subscription is expected to grow ~4% YoY. We expect absolute EBITDA to be flattish YoY to ₹ 510.5 crore, on account of movie costs, incremental marketing spend for Trai tariff order implementation and digital content opex. We expect Sun TV to report 8.5% YoY growth in advertisement revenues to ₹ 367.8 crore, given the high base quarter. Subscription revenues are expected to continue their strong growth momentum on account of Tamil Nadu digitisation drive with 15% YoY growth at ₹ 355.1 crore . We expect Sun TV to witness 540 bps YoY decline in EBIT margins to 50.9%, given the cost increase related new channels launches as well as higher movie amortisation. We expect TV Today to report 8% YoY broadcasting revenues growth, with flattish YoY EBITDA margin of 29% on account of escalated costs, related to election related programming.

Decent show expected from radio players

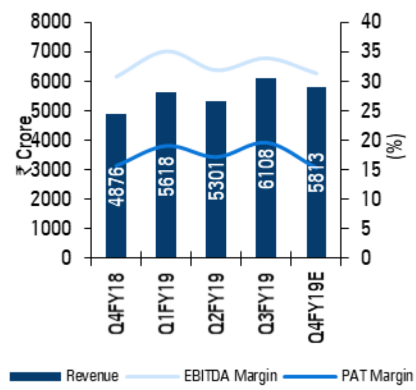
Radio players are expected to report decent ad revenue numbers on some recovery from local advertising as well as traction from government advertising. We expect ENIL to report 11.5% YoY revenue growth to ₹ 177.7 crore, with strong non-radio business. EBITDA margins are expected to improve 330 bps to 25.5% on account of revenue mix being skewed towards high margin radio business.

Exhibit 50: Estimates for Q4FY19E: (Media) (₹ Crore)

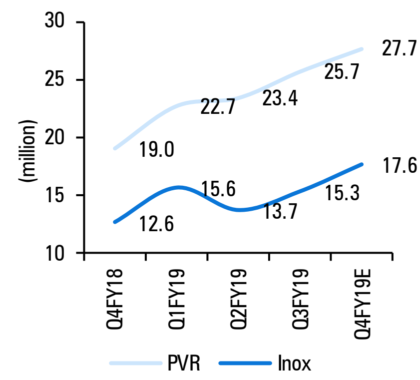
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
DB Corp	586.1	4.6	-11.2	98.0	0.1	-29.9	49.6	-13.2	-34.5
ENIL	177.7	11.5	-11.6	45.3	28.0	12.4	16.8	41.8	4.1
Inox Leisure	471.4	45.7	8.8	89.6	104.1	7.2	38.6	-33.1	5.8
PVR	841.2	43.8	-0.2	155.4	64.6	-5.4	46.6	77.8	-9.7
Sun TV	929.8	29.7	2.8	660.1	26.4	-1.1	334.4	15.4	-4.8
TV Today	196.6	8.5	-1.4	57.0	8.9	-7.5	35.7	9.5	-8.9
Zee Ent.	1,938.7	12.4	-10.5	558.4	10.3	-26.0	313.2	35.6	-44.3
Total	**5,813.4**	**19.2**	**-4.8**	**1,821.6**	**21.4**	**-12.1**	**890.3**	**16.4**	**-25.7**

Source: Company, ICICI Direct Research

Topline & Profitability (Coverage Universe)



Multiplex Footfalls trends



Top Picks

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Government ad hike to boost print ad growth

The performance of print players is expected to be boosted by traction in government advertising as well some moderation of newsprint costs sequentially. DB Corp's print ad revenues are expected to grow 7% YoY while circulation revenues are expected to be flattish YoY. The company is expected to report flat EBITDA on a YoY basis at ₹ 98 crore while EBITDA margins are expected to decline 80 bps to 16.7%.

Exhibit 51: Company Specific view - Media

Company	Remarks
DB Corp	Government advertising (on yield increase in DAVP rates) as well as newsprint cost savings are expected to boost financials for the quarter). Print ad revenues for the quarter are expected to grow 7% YoY to ₹ 360.6 crore. Circulation revenues for the quarter are expected to be flattish YoY to ₹ 125.3 crore. The growth of radio business is expected to be 8% YoY to ₹ 39.1 crore. The company is expected to report flat EBITDA on a YoY basis at ₹ 98 crore while EBITDA margins are expected to decline 80 bps to 16.7%. **Key monitorable:** Political advertisement outlook
ENIL	ENIL is expected to post strong numbers for the quarter on account of recovery in local advertisement as well as traction from government advertising. We expect ENIL to post topline growth of 11.5% YoY to ₹ 177.7 crore, largely driven by non-FCT (Radio) business, where the company could take in some price hike during the quarter. We expect EBITDA margins to improve 330 bps to 25.5%, largely driven by revenue growth as well as lesser concerts during the quarter. Depreciation for the quarter is expected to increase 30% YoY on account 14 batch II stations launched during the quarter. **Key monitorable:** Political advertisement pick-up

Source: Company, ICICI Direct Research

Exhibit 52: Company Specific views – Media

Company	Remarks
Inox Leisure	Q4FY19 has been the best quarter for multiplexes in terms of box office collections where almost every film did well during the quarter. We expect footfalls for Inox to grow by 39.6% YoY to 17.6 mn while we expect ATP to adjust at ₹185 on account of GST rate change effective from Jan 1, 2019. We expect net box office collections to grow 46.5% YoY to ₹ 277.7 crore. We expect SPH to improve by 11% YoY to ₹74, while healthy screen additions and lower GST is expected to improve F&B collections by 59.8% YoY . Ad revenues for the quarter are expected to grow 25% YoY to ₹ 41.6 crore. We expect Inox to post 540 bps YoY EBITDA margin expansion to 19%. **Key Monitorable**: footfalls improvement on GST rate cut
PVR	The quarter is expected to be strong for PVR on account of impressive box office performance from Hindi movies; however on account of seasonally weak quarter for SPI cinemas, the growth may look optically lower. We expect PVR (Consolidated) to report 45% YoY growth in Footfalls (standalone at ~25% YoY). F&B income is expected to grow by 42.2% YoY to ₹223.4 crore. We expect Ad revenues to grow by 20% YoY to ₹86.4 crore. We expect PVR to report 240 bps YoY improvement in EBITDA margins to 18.5%. **Key Monitorable:** footfalls improvement on GST rate cut
Sun TV	We expect Sun TV to report 8.5% YoY growth in advertisement revenues to ₹ 367.8 crore on a strong base quarter (25.6% YoY advertisement growth). Subscription revenues are expected to continue their strong growth momentum on account of Tamil Nadu digitisation drive and are expected to grow by 15% YoY to ₹ 355.1 crore . Revenues will also be boosted by collections from movies. We expect Sun TV to witness 540 bps YoY decline in EBIT margins to 50.9%, given the cost increase related new channels launches as well as higher movie amortisation. **Key Monitorable**: Performance of Bengali channel, OTT strategy and movie business scale up
TV Today Network	We expect a TV Today to benefit from election related tailwinds and also on low base. TV Today is expected to report 8% YoY revenue growth in TV ad revenues to ₹167.6 crore , while TV broadcasting revenues are also expected to grow by 8% YoY to ₹ 171.6 crore. We expect radio business to maintain its quarterly run rate of ~ ₹7 crore , while digital revenues are expected to grow by 3% YoY. We expect company to report flattish YoY EBITDA margin of 29% on account of escalated costs related to election related content. **Key Monitorable:** Election led ad benefit
Zee Ent.	The quarter was marred by TRAI tariff implementation related hicupps which had an impact on both domestic advertisement (advertisement reduced investories) as well domestic subscription revenues (Zee channels were not included in basic packs of some of the cable companies). We expect Zee entertainment to report 12% YoY domestic advertisement growth to ₹ 1102 crore while domestic subscription is expected to grow by 3.9% YoY to ₹ 469.7 crore. Total revenue will also boosted by 'Manikarnika' movie collections. However we expect absloute EBITDA to be flattish on YoY basis to ₹ 510.5 crore , on account of costs related to Manikarnika movie, incremental marketing spend prior to TRAI tariff order implementation and expenditure on digital content. **Key Monitorable**: Promoter stake sale deal closure

Source: Company, ICICI Direct Research

Metals and Mining

EBITDA/tonne of steel majors to decline on a QoQ basis

Domestic steel consumption grew ~7.4% YoY during April-February 2019. However, as both domestic and global steel prices were on a declining trend between end of November 2018 and end of January 2019, average steel prices for Q4FY19 are expected to fall ~5% QoQ. Albeit post January 2019 lows, the recent trend of firming up of domestic and global prices augurs well for the steel sector. On a QoQ basis, a mixed trend has been seen in raw material costs. While domestic iron ore prices have witnessed a marginal downtick, coking coal prices have inched upwards (up ~5% QoQ). Post the Vale incident, while global iron ore prices have witnessed an uptrend, domestically, on the back of elevated supply from major miners, domestic iron ore prices have remain under check. For Q4FY19, we expect domestic operations of Tata Steel to see an EBITDA/tonne of ₹ 14500/tonne (vs. adjusted EBITDA/tonne of ₹ 16404/tonne in Q3FY19). JSW Steel may clock an EBITDA/tonne of ₹ 10000/tonne (vs. ₹ 12060/tonne in Q3FY19). Going forward, the outcome of China-US trade negotiations holds key in determining the future trajectory of the global metal sector.

Non-ferrous prices decline YoY…

During Q4FY19, while non-ferrous prices are lower YoY, they were higher QoQ (except aluminium). During the quarter, the average price of zinc was US$2707/tonne, down 21% YoY but up 3% QoQ. Average price of copper was at US$6221/tonne, down 11% YoY but up 1% QoQ. Average aluminium prices were at US$1862/tonne, down 14% YoY and 5% QoQ while average lead prices were at US$2034/tonne, down 19% YoY but up 3% QoQ.

Muted base metal prices to impact aggregate operating margin

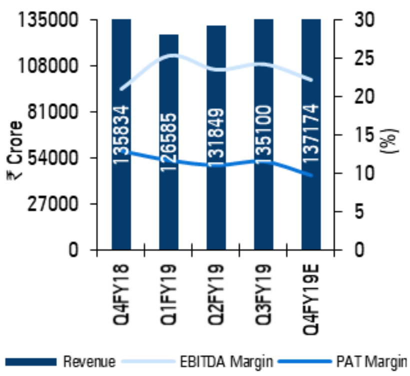
We expect the aggregate topline of coverage companies (ex-Coal India) to remain flattish both QoQ and YoY. The aggregate EBITDA margin is expected to decline 180 bps QoQ and 420 bps YoY to 21.8%. The EBITDA/tonne of domestic miners like Coal India is likely to come in at ₹ 400/tonne with NMDC expected to report the same at ~₹ 2000/tonne. We expect Novelis (Hindalco's subsidiary) to clock an EBITDA/tonne of US$400/tonne.

Exhibit 53: Estimates for Q4FY19E: (Metals) (₹ Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Coal India	27,636.9	2.7	10.3	6,524.8	NA	-3.9	4,417.2	NA	-3.3
Graphite India	1,677.0	38.3	-9.6	778.0	16.4	-28.2	533.1	17.5	-30.2
HEG	1,393.6	7.8	-25.3	695.7	-26.8	-47.0	444.0	-30.0	-48.8
Hindalco	11,225.6	-3.9	-6.0	1,664.7	4.4	-3.0	593.8	-3.6	-16.7
Hindustan Zinc	5,220.3	-16.8	-5.8	2,647.2	-26.9	-6.7	1,827.0	-27.1	-17.4
JSW Steel	21,048.5	1.1	3.6	4,100.0	-22.5	-8.9	1,402.8	-51.0	-12.5
NMDC	3,801.7	-2.1	4.2	2,060.2	8.4	-4.4	1,456.8	31.7	-7.6
Vedanta Ltd	22,961.1	-16.9	-3.0	5,477.2	-30.1	-3.0	1,106.4	-77.0	-29.7
Tata Steel	42,209.2	16.8	2.4	6,508.7	0.2	-3.2	1,617.6	-51.2	-7.7
Total	**137,173.9**	**1.0**	**1.5**	**30,456.4**	**6.7**	**-7.0**	**13,398.8**	**-23.8**	**-14.3**

Source: Company, ICICI Direct Research, Hindalco results are Hindalco Standalone + Utkal

Topline & Profitability (Coverage Universe)



Movement of base metal prices on LME

US$/t	Q4FY19	Q4FY18	YoY %	Q3FY19	QoQ %
Zinc	2,707	3,413	(21)	2,630	3
Lead	2,034	2,518	(19)	1,966	3
Alum.	1,862	2,154	(14)	1,966	(5)
Copper	6,221	6,958	(11)	6,169	1

Source: Bloomberg, ICICI Direct Research,

Analysts

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Exhibit 54: Company Specific view – Metals and Mining

Company	Write Up
Coal India	For Q4FY19, Coal India reported coal offtake of 163.5 million tonne (MT), up 2.9% YoY and 6.1% QoQ. We expect the topline to increase 2.7% YoY and 10.3% QoQ to ₹ 27636.9 crore. The EBITDA margin is likely to come in at 23.6% (vs. 27.1% in Q3FY19). We expect the company to clock an EBITDA/tonne of ₹ 400/tonne (vs. ₹ 440/tonne in Q3FY19)
Graphite India	For Q4FY19, we expect blended realisations to decline QoQ on the back of a fall in graphite electrode prices for both UHP grade electrodes as well as HP grade electrodes. For Q4FY19, we expect Graphite India to report consolidated capacity utilisation of 85% (91% in Q4FY18 and 80% in Q3FY19). Topline is expected to come in at ₹1677.0 crore, down 9.6% QoQ but up 26.8% YoY. We expect the higher price needle coke to impact raw material costs. Thus, EBITDA is likely to come in at ₹ 778.0 crore, implying an EBITDA margin of 46.4% (vs. 54.4% in Q4FY18 and 58.4% in Q3FY19). We expect the company to report a PAT of ₹ 533 crore
HEG	For Q4FY19, we expect blended realisations to decline QoQ on the back of a fall in graphite electrodes prices for both UHP grade electrodes as well as HP grade electrodes. For Q4FY19, we expect HEG to report capacity utilisation of 85% (84% in Q4FY18 and 82% in Q3FY19). The topline is expected to come in at ₹ 1393.6 crore down 14.5% QoQ but up 7.8% YoY. We expect the higher price needle coke to impact raw material costs. Thus, EBITDA is likely to come in at ₹ 695.7 crore, implying an EBITDA margin of 49.9% (vs. 73.6% in Q4FY18 and 62.6% in Q3FY19). We expect the company to report a PAT of ₹ 444 crore
Hindustan Zinc	We expect Hindustan Zinc to report a steady performance for Q4FY19. LME zinc prices during the quarter were up 2.9% QoQ while lead prices were up 3.5% QoQ. We expect zinc sales of ~170000 tonne (down 9% QoQ), lead sales of ~55000 tonne (up by 1.9% QoQ) and silver sales of ~189000 kg (up 6.5% QoQ). The topline is likely to decline 5.8% QoQ to ₹ 5220.3 crore while EBITDA is likely to decline 6.7% QoQ to ₹ 2647.2 crore. We expect the EBITDA margin to come in at 50.7% (vs. 57.7% in Q4FY18 and 51.2% in Q3FY19)
Hindalco	For Q4FY19, we expect the decline in aluminium prices to weigh on the overall performance of the company on a YoY basis. We expect domestic operations to report aluminium sales of ~322000 tonne. Copper sales are likely to come in at 100000 tonne. We expect the topline to decline 3.9% YoY, 6% QoQ to ₹11225.6 crore. The EBITDA (Hindalco standalone + Utkal) is likely to decline 3% YoY to ₹ 1665 crore. Novelis for Q4FY19 is expected to report FRP shipments of ~825 KT and clock EBITDA/tonne of US$400/tonne
JSW Steel	For Q4FY19, EBITDA/tonne is likely to moderate sequentially due to a decline in steel prices on a QoQ basis. We expect standalone operations to report an EBITDA/tonne of ₹ 10000/tonne (vs. ₹ 12060/tonne in Q3FY19 and ₹ 11950/tonne in Q4FY18). The sales volume of the domestic operations is likely to come in at 4.0 million tonne (MT). We expect the consolidated topline to increase 1.1% YoY, 3.6% QoQ to ₹ 21048.5 crore. The consolidated EBITDA is likely to decline 8.9% QoQ to ₹ 4100 crore. The consolidated EBITDA margin is likely to come in at 19.5% (vs. 25.4% in Q4FY18 and 22.2% in Q3FY19)
NMDC	We expect NMDC to report sales volume of 10.1 MT for Q4FY19, up 15.2% QoQ. The topline is expected to come in at ₹ 3802 crore, up 4.2% QoQ. EBITDA is expected to come in at 2060 crore, down 4.4% QoQ, The subsequent EBITDA/tonne is expected to come in at ~₹ 2000/tonne
Vedanta	The decline in prices of major base metals is likely to weigh on Vedanta's Q4FY19 performance. We expect topline to decline 16.9% YoY while EBITDA is expected to decline 30.1% YoY. The ensuing PAT is expected to decline 54.3% YoY
Tata Steel	For Q4FY19, EBITDA/tonne is likely to moderate sequentially due to a decline in steel prices QoQ. We expect standalone operations to report an EBITDA/tonne of ₹ 14500/tonne (vs. adjusted EBITDA/tonne of ₹ 16404/tonne in Q3FY19 and ₹ 15872/tonne in Q4FY18). Indian operations (standalone) are expected to report steel sale of 3.2 million tonne (MT) while European operation steel sales are likely to come in at 2.3 MT. Additionally, Bhushan Steel is expected to report a sales volume of 1.25 MT). We expect European operations to report EBITDA/tonne of US$40/tonne. On a consolidated basis, the topline is expected to increase 16.8% YoY, 2.4% QoQ. EBITDA is expected to decline 3.2% QoQ and remain flattish YoY. Consolidated EBITDA margins are likely to come in at 15.4% (vs. 16.3% inQ3FY19 and 18.0% in Q4FY18)

Source: Company, ICICI Direct Research

Hindustan Zinc Sales volume trend

Sales	Unit	Q4FY19	Q4FY18	Q3FY19
Zinc	Tonne	170263	210000	187000
Lead	Tonne	55031	50000	54000
Silver	Kg	189584	167000	17800

Source: Company, ICICI Direct Research,

JSW Steel : Sales Volume ; EBITDA/tonne….

	Q4FY19	Q4FY18	YoY	Q3FY19	QoQ
Sales Vol.	4.0	4.2	-5%	3.7	8%
EBITDA/t	10000	11950	-16%	12060	-17%

Source: Company, ICICI Direct Research, Sales volume in MT, EBITDA/tonne in ₹/tonne.

Tata Steel : Sales Volume ; EBITDA/tonne….

	Q4FY19	Q4FY18	YoY	Q3FY19	QoQ
Sales Vol.					
India	3.2	3.0	7%	3.0	7%
Europe	2.3	2.6	-12%	2.3	2%
Bhushan	1.3	NA	NA	0.9	36%
EBITDA/t					
India	14500	15872	-9%	16404	-12%
Europe*	40	70	-43%	56	-29%
Bhushan	10000	NA	NA	10992	-9%

*Source: Company, ICICI Direct Research, Sales volume in MT, Indian and Bhushan EBITDA/tonne in ₹/tonne, *- Europe EBITDA/tonne in US$ /tonne..*

Oil & Gas

Average crude oil prices remain lower QoQ

Crude oil prices ended on a pessimistic note last quarter following easing of sanctions on Iran from the US and increase in oil production from the US, which would have led to a surplus in global oil markets. However, Opec+ decision and overall compliance with reduction of oil production by 1.2 million barrels per day along with oil production disruption from Venezuela led to an increase in Brent crude oil prices during the quarter. As a result, Brent crude prices ended up 26.9% QoQ from US$53.2/bbl in Q3FY19 to US$67.5/bbl in Q4FY19. However, average Brent crude continued to remain down 6.8% QoQ at US$63.1/bbl in Q4FY19. We do not expect upstream oil companies to bear any subsidy burden, following lower oil prices. The net realisations of upstream companies will decline QoQ and impact their profitability.

Core GRMs continue to remain weak in Q4FY19

Benchmark Singapore GRMs continued to remain subdued and further declined during the quarter from US$4.3/bbl in Q3FY19 to US$3.2/bbl in Q4FY19. Product spreads for light as well as middle distillate petroleum products like petrol, diesel and naphtha weakened in Q4FY19. Crack spreads for gasoline (petrol) remained at multi-year lows and declined by US$2.3/bbl QoQ to US$5.1/bbl. The spread for gas oil (diesel major product for Indian refiners) also declined by US$2.9/bbl to US$11.4/bbl, thus impacting core GRMs of OMCs. However, inventory gains may lead to higher reported GRMs during the quarter. Core marketing margins are expected to show a quantum increase of 2-3x as the company did not fully pass on lower costs to customers.

City gas distribution shows strong growth within gas utilities

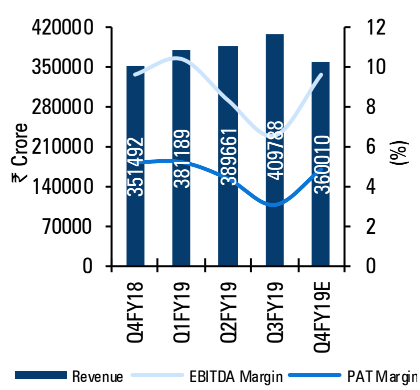
City gas distribution (CGD) companies are expected to continue to report good volume growth due to sustainable conversion to CNG vehicles and rising concerns with respect to current pollution issues. The CGD company's margins are also expected to remain stable QoQ following the price hikes and reduction in costs. Sector volumes of gas utilities are expected to be driven mainly by domestic gas against LNG imports, which was witnessed over the past many quarters.

Exhibit 55: Estimates for Q4FY19E: (Oil & Gas) (₹ Crore)

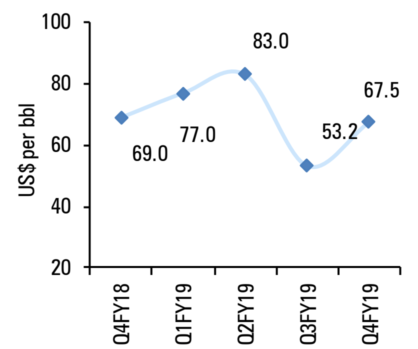
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Bharat Petroleum	78,282.1	2.9	-11.3	4,225.2	13.5	473.0	2,496.5	-6.6	404.2
Castrol India Ltd	1,009.7	8.9	-2.3	307.0	11.9	-3.3	201.9	11.1	-4.7
Gail India	17,910.8	16.1	-9.5	2,176.4	28.4	-18.6	1,334.0	30.7	-20.7
Gujarat Gas	2,008.8	15.9	-5.1	303.9	36.5	-5.4	132.2	100.4	-4.2
GSPL	467.1	33.3	2.9	397.7	37.5	12.6	200.2	27.2	15.3
Gulf Oil	448.2	20.1	-3.0	85.1	35.3	16.7	53.7	29.8	7.8
HPCL	69,469.3	4.2	-10.0	3,513.5	20.2	264.8	2,005.6	14.7	710.2
IOC	136,598.2	-0.1	-14.7	8,315.1	-24.6	130.3	4,185.3	-19.8	483.9
Indraprastha Gas Ltd	1,505.8	22.1	-0.2	325.2	11.6	2.3	201.1	15.1	1.6
Mahanagar Gas Ltd	811.2	26.0	-1.6	246.5	39.9	3.1	151.4	44.6	2.1
MRPL	16,763.6	-10.6	-17.2	646.3	-38.1	LP	267.6	-50.6	LP
ONGC	25,121.3	4.8	-9.3	13,337.7	17.2	-19.5	5,791.4	-2.1	-29.9
Petronet LNG	9,613.7	11.3	-4.8	832.8	1.3	-1.8	516.7	-1.1	-8.6
Total	**360,009.8**	**2.4**	**-12**	**34,712.6**	**2.3**	**28.9**	**17,537.5**	**-4.5**	**39.0**

Source: Company, ICICI Direct Research

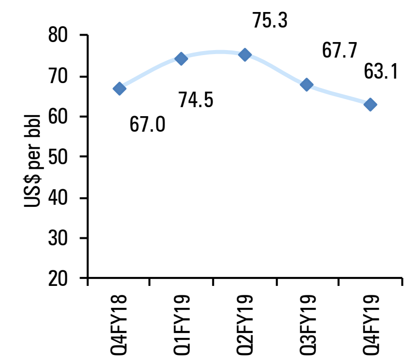
Topline & Profitability (Coverage Universe)



Closing Brent crude oil prices



Average Brent crude oil prices



Top Picks

GAIL India Ltd

Analysts

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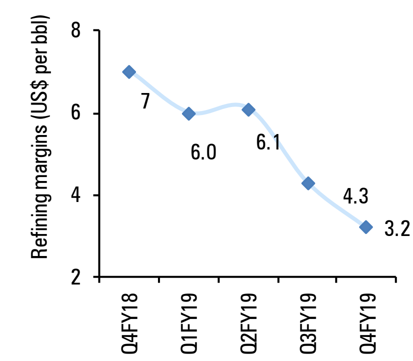
Exhibit 56: Company Specific Views (Oil & Gas)

Company	Remarks
BPCL	Revenues are expected to decline 11.3% QoQ to ₹ 78282.1 crore due to lower average crude oil prices. Crude throughput is expected to remain stable at 7.6 MMT, a marginal increase of 1.5% QoQ. Marketing margins are expected to show a quantum increase as the company did not fully pass on lower costs to customers and also due to inventory gains. Core GRMs are expected to remain weak due to a decline in diesel and petrol product spreads. However, reported GRMs are expected to increase QoQ to $5.2/bbl vs. $2.8/bbl in Q3FY19 due to inventory gains as closing oil prices were up on a QoQ basis. Subsequently, PAT is expected to increase 4x QoQ to ₹ 2496.5 crore
Castrol India	We expect revenues to increase 8.9% YoY mainly on account of higher volumes as well as realisations. Volume is expected to grow 3.5% YoY to 53.3 mn litre mainly due to higher volumes in personal mobility segment. Due to better pricing power, gross margins are expected to increase 3.2% YoY to ₹ 99.7/litre with EBITDA/litre at ₹ 57.6/litre (up 8.1% YoY). Subsequently, on the profitability front, we expect PAT to increase 11.1% YoY to ₹ 201.9 crore
Gail	Profitability is expected to improve 30.7% YoY mainly due to an improved performance in the gas trading business segment where EBIT is expected to increase 3.5x YoY to ₹ 552.7 crore. However, on a QoQ basis, gas trading EBIT is expected to decline 18.1%. On the LPG liquid hydrocarbon front, EBIT is expected to decline 12.6% YoY to ₹ 573.9 crore due to a decline in realisations. Gas transmission volumes are expected to remain flattish YoY at 108.5 mmscmd with its EBIT at ₹ 767 crore. EBIT of the petchem segment is expected to be weak YoY as well as QoQ at ₹ 13.9 crore led by lower realisations
GSPL	GSPL's gas transmission volumes are expected at 35 mmscmd in Q4FY19 vs. 34.5 mmscmd QoQ due to marginal higher volumes from the industrial sector. Transmission tariffs at ₹ 1.47/scm are expected to increase 3.5% QoQ and 30.5% YoY. Lower other expenses by ~₹ 23 crore QoQ are expected to lead to an increase in PAT by 15.3% QoQ to ₹ 200.2 crore
Gujarat Gas	We expect revenues to increase 15.9% YoY on account of higher realisations. Volumes are expected to be grow marginally at 0.5% YoY to 6.8 mmscmd. We expect gross margins to increase by ₹ 1.5/scm YoY at ₹ 7.7/scm as the company had passed on higher costs to customers and due to a decline in spot LNG prices. Subsequently, we expect profitability at ₹ 132.2 crore, up 100.4% YoY
Gulf Oil Lubricants	Revenues are expected to increase 20.1% YoY mainly on account of higher volumes. We expect strong volume growth of 14% YoY. Increase in realisation and better pricing power will lead to increase in EBITDA per litre to ₹ 27.5/litre vs. ₹ 23.2/litre in Q4FY18. Hence, PAT is expected to increase 29.8% YoY at ₹ 53.7 crore
Hindustan Petroleum	Revenues are expected to decline 10% QoQ to ₹ 69469.3 crore due to lower average crude oil prices. Crude throughput is expected to remain stable at 4.5 MMT, a marginal decline of 1.3% QoQ. Marketing margins are expected to show a quantum increase as the company did not fully pass on lower costs to customers and also due to inventory gains. Core GRMs are expected to remain weak due to a decline in diesel and petrol product spreads. However, reported GRMs are expected to increase QoQ to $4.8/bbl vs. $3.7/bbl in Q3FY19 due to inventory gains as closing oil prices were up on a QoQ basis. Subsequently, PAT is expected to increase 7x QoQ to ₹ 2005.6 crore
Indian Oil	Revenues are expected to decline 14.7% QoQ to ₹ 136598.2 crore due to lower average crude oil prices. Crude throughput is expected at 17.8 MMT, a decline of 6.2% QoQ mainly due to lower throughput in Paradip refinery. Marketing margins are expected to show a quantum increase as the company did not fully pass on lower costs to customers and also due to inventory gains. Core GRMs may remain weak due to a decline in diesel and petrol product spreads. However, reported GRMs are expected to increase QoQ to $6.9/bbl vs. $1.2/bbl in Q3FY19 due to inventory gains as closing oil prices were up on a QoQ basis. Subsequently, PAT is expected to increase 4.8x QoQ to ₹ 4185.3 crore
Indraprastha Gas	With encouraging CNG vehicle conversions and Delhi's pollution issues, IGL's volumes are expected to grow 11.4% YoY. Total volumes are expected at ~6 mmscmd (CNG: 4.46 mmscmd, PNG: 1.56 mmscmd). We expect gross margins to remain flattish YoY at ₹ 11.4 per scm. However, on a QoQ basis, gross margins are expected to increase ₹ 0.4 per scm on account of a decline in spot LNG prices. EBITDA per scm is expected at ₹ 6 per scm with PAT up 15.1% YoY to ₹ 201.1 crore

Source: Company, ICICI Direct Research

Singapore gross refining margins (GRMs)



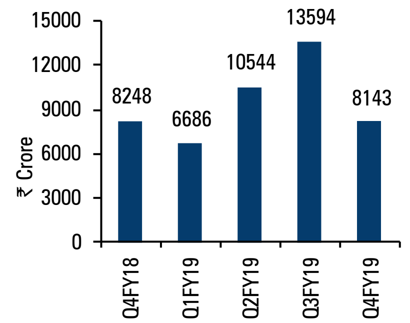
Source: Reuters

Singapore benchmark product spreads ($/bbl)

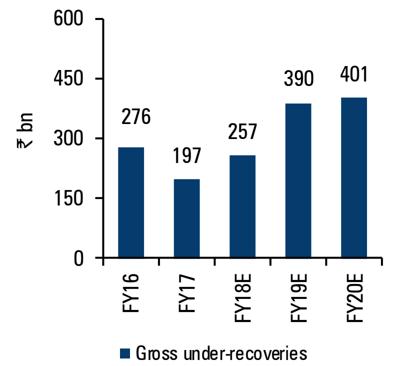
Product Spreads	Q4FY18	Q3FY19	Q4FY19
Gasoline	14.5	7.4	5.1
Naphtha	-0.8	-5.3	-7.8
Jet Kerosene	15.8	16.7	12.7
Gas Oil	13.7	14.3	11.4
Fuel Oil	-7.4	0.1	-1.7
LPG	-18.9	-21.1	-21.1

Source: Reuters

Gross under-recoveries of petroleum products



Gross under-recoveries of petroleum products



Sharing of oil under-recoveries (₹ crore)

	Q4FY18	Q3FY19	Q4FY19
Upstream	0	0	0
Downstream	0	0	0
Government	8248	13594	8143
Total	**8248**	**13594**	**8143**

Exhibit 57: Company Specific Views (Oil & Gas)

Mahanagar Gas	We expect MGL's growth momentum to remain strong with volume growth of 7.9% YoY supported by robust conversion rate of CNG vehicles. Volumes are expected at 3 mmscmd (CNG: 2.2 mmscmd, PNG: 0.8 mmscmd). Gross margins are expected to increase QoQ as well as YoY to ₹ 14 per scm in Q4FY19 (₹ 13.5 per scm in Q3FY19) as the company has passed on higher other expenses to customers and also due to a decline in spot LNG prices
MRPL	Reported GRMs are expected at $5/bbl vs. negative $0.6/bbl in Q3FY19. Core operational GRMs are expected at $2.7/bbl in Q4FY19 while inventory gains for the quarter are expected at $2.3/bbl vs. loss of $4.6/bbl in Q3FY19. Throughput in Q4FY19 is expected at 4.1 MMT vs. 4.4 MMT in Q3FY19. Subsequently, PAT of ₹ 267.6 crore is expected in Q4FY19E
ONGC	Oil & gas production is expected to witness a QoQ decline of 0.9% and 2%, respectively. However, on a YoY basis, gas production is expected to increase 7.9% while oil production is expected to decline 3.6%. Oil production is estimated at 6 MMT, with gas output expected at 6.6 MMT in Q4FY19. We expect realisations to decline 7.2% QoQ at $61.6/bbl due to lower crude oil prices. We do not expect any subsidy during the quarter. PAT is expected to decline 29.9% QoQ to ₹ 5791.4 crore on decline in realisations as well as lower other income
Petronet LNG	We expect the topline to increase 11.3% YoY to ₹ 9613.7 crore on account of higher LNG realisation. However, total volumes are expected to decline 4.5% YoY and remain flat QoQ to 203.2 trillion British thermal units (tbtu) (~4 MMT). Blended margins are expected to increase 4% YoY to ₹ 48.5/mmbtu on account of revision in gasification charges. PAT is expected at ₹ 516.7 crore, flattish YoY

Source: Company, ICICI Direct Research

Healthcare

Growth tempo likely to persist amid US recovery continuum

The I-direct healthcare universe is expected to register 13% YoY growth to ₹ 45915 crore mainly on the back of decent growth across segments-formulations, APIs and CRAMs. Formulations growth is likely to be driven by 18.4% growth in the US (select pack) led by 1) growth in base business due to waning price erosion, 2) opportunities created by high profile exits and 3) new launches (including limited competition launches) besides currency tailwinds. Domestic formulations (select pack) and Europe are expected to grow 9% and 16%, respectively. APIs and CRAMs businesses are likely to grow strong mainly due to direct advantage of Chinese capacity constraints and strong order book besides currency tailwinds. For Q4FY19, average YoY rupee depreciation vis-à-vis US$ was 9.5%. Growth in other emerging markets is likely to be driven by new launches. On the hospitals front, growth is likely to be driven by newly commissioned hospitals.

On the companies front, Aurobindo (US injectable traction and acquisition), Biocon (biologics traction), Cadila (US limited competition opportunities, and acquisition) and Divi's (API opportunities) are likely to register above 20% growth in revenues. On the other hand, Ajanta, Natco and Indoco are likely to report negative revenue growth mainly due to slow growth in domestic formulations and high base.

EBITDA to grow 13% YoY; in line with revenue growth

EBITDA of the I-direct healthcare universe is expected to grow 13.2% YoY to ₹ 9373 crore. EBITDA margins are likely to remain at ~20%. Higher raw material cost due to raw material supply constraints from China and higher promotional cost of innovative products are likely to be offset by improvement in product mix and efficient cost control measures.

Adjusted net profit expected to remain muted due to taxation

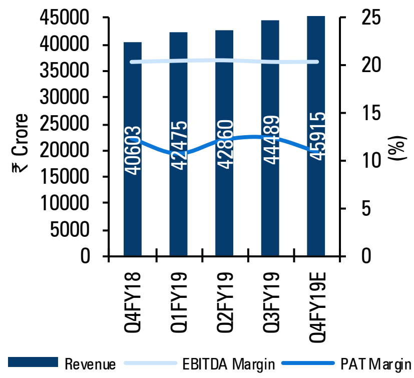
Net profit growth is expected to be muted at ₹ 5026 crore. Delta vis-à-vis EBITDA is likely to be on the back of higher tax rate (22.6% vs. 17.4% in Q4FY18) for the universe.

Exhibit 58: Estimates for Q4FY19E (₹ Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Ajanta Pharma	463.4	-12.6	-11.3	101.9	-27	-5.0	68.2	-27.8	2.0
Alembic Pharma	1,028.1	20.5	0.8	224.8	29.8	10.3	157.6	68.0	-7.2
Aurobindo Pharma	5,345.3	32.0	6.4	1,046.0	32.7	-0.9	648.7	22.7	-12.0
Biocon	1,608.0	37.5	16.3	378.8	62.6	4.6	190.0	45.7	-10.5
Cadila Healthcare	3,988.1	22.7	23.8	952.4	9.4	26.9	521.0	-14.1	2.1
Divi's Lab	1,305.6	20.0	-0.2	492.8	27.5	-3.4	376.7	44.0	-0.7
Cipla	3,783.0	2.3	-7.3	607.9	9.2	-12.4	237.7	-0.2	-28.5
Dr. Reddys	3,856.7	8.5	-3.9	724.6	28.6	-3.5	393.2	44.5	-21.4
Glenmark	2,732.7	19.9	8.4	478.2	46.3	9.2	257.5	69.9	121.3
Indoco Remedies	240.9	-10.7	0.8	21.7	-56.1	25.8	0.6	-97.1	-88.8
IPCA Labs	897.8	12.3	-4.4	201.1	58.7	20.9	132.6	94.7	-17.2
Jubilant Life Sc.	2,434.7	8.1	-0.1	492.1	7.5	2.0	258.0	66.6	-1.1
Lupin	4,372.3	8.4	9.6	663.4	-6.6	10.8	313.5	-12.6	61.5
Narayana Hrudayalaya	735.0	13.6	3.0	79.4	51.9	10.7	19.3	139.8	51.6
Natco Pharma	541.5	-29.5	1.3	180.9	-52.8	-4.4	134.4	-55.2	-15.7
Hikal Ltd.	450.3	15.3	10.9	86.6	21.2	19.2	34.2	34.9	44.2
Sunpharma	7,614.2	9	0.1	1,772.3	5.3	3.5	968.7	-26.0	-22.0
Syngene International	478.6	17.0	11.0	141.2	9.4	2.1	88.1	4.3	1.7
Torrent Pharma	1,971.2	14.5	1.2	473.1	30.0	-2.9	149.1	-34.6	-39.4
Apollo Hospitals	2,068.0	11.0	-3.6	253.3	18.6	-6.6	76.9	29.0	-11.5
Total	**45,915.4**	**13.1**	**3.2**	**9,372.6**	**13.2**	**3.2**	**5,025.9**	**0.6**	**-8.7**

Source: Company, ICICI Direct Research

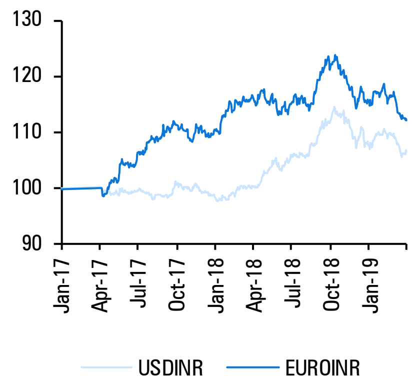
Topline & Profitability (Coverage Universe)



US approvals for Q4FY19 (Select pack)

Company	Final	Tentative
Ajanta Pharma	2	0
Alembic Pharma	5	0
Aurobindo Pharma	5	1
Cadila Healthcare	11	2
Cipla	1	0
Dr. Reddy's Labs	2	1
Glenmark Pharma	3	2
Jubilant Life	0	0
Lupin	8	0
Natco	1	0
Sun Pharma	7	2

Currency Movement



Source: Bloomberg

Top Picks

Divi's Lab
Biocon

Analysts

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Exhibit 59: Company Specific view

Company	Remarks
Ajanta Pharma	Revenues are expected to decline ~13% YoY to ₹ 463.4 crore mainly due to ~14% decline in export formulations led by a sharp decline in African tender business and high base of other operating income. The domestic business is expected to grow ~4% YoY. EBITDA margins are expected to decline 431 bps YoY to 22% mainly due to higher operating cost pertaining to commercialisation of new plants. Subsequently, PAT is expected to decline 28% YoY to ₹ 68 crore
Alembic Pharma	Revenues are expected to grow ~21% YoY to ₹ 1028 crore on the back of 23% growth in export formulations and 12% growth in domestic branded formulations. EBITDA margins are expected to improve 157 bps to 21.9% on account of operating leverage. Subsequently, net profit is expected to grow 68% YoY due to higher operational performance and lower tax rate (18% vs. 27.3% in Q4FY18)
Apollo Hospitals	Standalone sales are likely to grow ~11% YoY to ₹ 2068 crore mainly due to 14% growth in healthcare service business and 8% growth in pharmacy business. The pharmacy business is expected to be largely driven by addition of new pharmacies while the hospital segment is expected to be driven by strong growth in new hospitals. EBITDA margins are likely to improve 78 bps YoY to at 12.2% mainly due to improvement in new hospitals margins. Net profit is expected to increase 29% YoY to ~₹ 77 crore mainly due to higher operational performance
Aurobindo Pharma	Revenues are expected to grow 32% YoY to ₹ 5345 crore mainly due to 38% growth in US led by strong growth in injectables and consolidation of Apotex European business. EBITDA margins are likely to remain flat at ~19.5%. Net profit is expected to increase ~22% YoY ~₹ 649 crore mainly due to a better operational performance
Biocon	Revenues are likely to grow 38% YoY ₹ 1068 crore on the back of strong growth in the biologics segment. EBITDA margins are expected to improve 364 bps YoY to 23.6% mainly due to an improvement in the product mix. Subsequently, net profit is expected to grow 46% YoY to ₹ 190 crore
Cadila Healthcare	Revenues are expected to grow 23% YoY ₹ 3988 crore mainly due consolidation of Craft portfolio in wellness segment and strong growth in the US led by launched of gAndrogel AG and strong sales from gTamiflu due to favourable flu season. EBITDA margins are likely to decline 290 bps YoY to 23.9% mainly due to an adverse product mix. Subsequently, net profit is expected to decline ~14% YoY mainly due to a below expected operational performance and increase in financial cost
Cipla	Revenues are expected to grow 2.3% YoY to ₹ 3783 crore on the back of 5% growth in domestic formulations and 4.1% growth in export formulations. EBITDA margins are expected to improve 101 bps YoY to 16.1% mainly due high base of R&D spend in Q4FY18. Despite an improvement in operational performance, net profit growth is likely to remain flat at ~₹ 238 crore mainly due to an increase in depreciation and higher tax rate (28% vs. 23.2% in Q4FY18)
Divi's Laboratories	Revenues are expected to increase 20% YoY to ₹ 1306 crore due to 1) capacity addition, 2) advantage of supply constraints from China, 3) currency tailwinds. EBITDA margins are expected to improve 221 bps to ~38% YoY due to 1) better product mix 2) currency tailwinds, 3) advantage of backward integration. Net profit is expected to increase ~44% YoY to ₹ 377 crore on the back of strong operational performance
Dr Reddy's	Revenues are likely to grow 8.5% YoY to ₹ 3857 crore mainly due to 10% growth in India and ~6% growth in the US. EBITDA margins are likely to improve 293 bps YoY to 18.8%, mainly due to cost rationalisation and improvement in product mix. Net profit is expected to grow 44.5% YoY to ₹ 393 crore mainly due to a better operational performance
Glenmark Pharma	Revenues are expected to grow ~20% YoY to ₹ 2732 crore mainly due to 21% growth in the US led by volume gains in existing products and 15% growth in domestic market. EBITDA margins are likely to improve 316 bps to 17.5% mainly due to operational leverage. Net profit is expected to grow ~70% YoY due to higher operational performance and lower tax rate (27% vs. 39% in Q4FY18)
Hikal	Revenues are expected to increase 15% YoY to ₹ 450 crore mainly due to strong growth in generics segment. EBITDA margins may improve 93 bps to ~19%. Net profit may grow 35% YoY to ~₹ 34 crore mainly due to a better operational performance
Indoco Remedies	Revenues are likely to decline ~11 YoY to ₹ 241 crore due to a decline across export geographies. Domestic growth is expected to remain muted. EBITDA margins are likely to decline to 9% vs. 18.3% in Q4FY18 mainly due to negative operational leverage
Ipca Laboratories	Revenues are expected to grow 12% YoY to ₹ 898 crore mainly due to 17% growth in exports (on a lower base) and 12% growth in domestic formulations. EBITDA margins are likely to grow 655 bps YoY to 15.8% mainly due to operational leverage and improvement in product mix. Subsequently, net profit is expected to increase ~95% YoY to ₹ 132.6 crore mainly due to a better operational performance and lower tax rate (21% vs. 23% in Q4FY18)

Source: Company, ICICI Direct Research

Expected growth in Domestic formulations

(₹ cr)	Q4FY19E	Q4FY18	%	Q3FY19	%
Ajanta	147	141	4.1	160	-8.2
Alembic	309	274	13.0	355	-12.9
Biocon	167	149	12.0	212	-21.3
Cadila	884	884	0.0	846	4.5
Glenmar	700	609	15.0	668	4.9
Indoco	151	151	0.0	153	-0.9
Ipca	362	323	12.0	422	-14.2
Lupin	1,080	965	12.0	1,190	-9.2
Cipla	1,421	1,353	5.0	1,585	-10.4
Dr Redd	675	614	10.0	674	0.2
Sun Pha	2,159	1,963	10.0	2,235	-3.4
Torrent	797	693	15.0	835	-4.6
Total	**8,851**	**8,117**	**9.0**	**9,334**	**-5.2**

Expected growth in US formulations

(₹ cr)	Q4FY19E	Q4FY18	%	Q3FY19	%
Aurobind	2,405	1,739	38.3	2,433	-1.2
Cadila	2,109	1,642	28.4	1,934	9.0
Cipla	814	676	20.4	849	-4.1
Glenmar	853	700	21.9	856	-0.3
Lupin	1,565	1,499	4.4	1,417	10.4
Dr Redd	1,537	1,449	6.1	1,483	3.6
Sun Pha	2,632	2,372	11.0	2,606	1.0
Torrent	376	307	22.6	490	-23.2
Total	**12,292**	**10,383**	**18.4**	**12,068**	**1.9**

Expected growth in Europe formulations

(₹ cr)	Q4FY19E	Q4FY18	%	Q3FY19	%
Aurobind	1,408	1,152	22.2	1,293	8.9
Cadila	55	60	-8.0	60	-6.9
Glenmar	383	319	20.0	322	19.0
Dr Redd	197	171	15.0	203	-3.1
Lupin	166	185	-10.0	142	16.7
Torrent	273	248	10.0	267	2.2
Total	**2,481**	**2,134**	**16.3**	**2,286**	**8.5**

Expected growth in LatAM formulations

(₹ cr)	Q4FY19E	Q4FY18	%	Q3FY19	%
Glenmar	128	128	0.0	101	25.8
Torrent	183	215	-15.0	168	8.8
Total	**310**	**343**	**-9.4**	**269**	**15.2**

Expected growth in API segment

(₹ cr)	Q4FY19E	Q4FY18	%	Q3FY19	%
Aurobind	920	800	15.0	922	-0.2
Alembic	208	198	5.0	205	1.4
Cadila	99	90	10.0	130	-23.8
Glenmar	215	205	5.0	239	-10.1
Divi's La	639	532	20.0	678	-5.9
Indoco	15	14	5.0	22	-32.5
Ipca Lab	230	192	20.0	230	0.1
Lupin	380	281	35.2	362	4.8
Cipla	156	135	15.0	154	1.0
Dr Redd	625	625	0.0	594	5.3
Natco	63	60	5.0	99	-36.7
Sun Pha	453	354	28.0	456	-0.6
Total	**4,001**	**3,486**	**14.8**	**4,092**	**-2.2**

Exhibit 60: Company Specific views

Company	Remarks
Jubilant Life Science	Revenues are expected to grow ~8% YoY ₹ 2435 crore. The 16% YoY growth in pharma business is likely to offset by 8% decline in LSI segment (albeit on high base). EBITDA margins are expected to remain flat at ~20%. Net profit is expected to grow ~67% to ₹ 258 crore on the back of a lower tax rate (24% vs. 32.7% Q4FY18)
Lupin	Revenues are expected to grow ~8% YoY to ₹ 4372 crore on the back of 12% YoY growth in domestic formulations and 4% growth in the US. Despite sharp price erosion in base business, growth in the US will be on the back of launch of gRanexa under exclusivity and strong growth from gTamiflu. EBITDA margins are likely to decline 243 bps to 15.2% mainly due to negative operational leverage. Adjusted net profit (excluding one-off impairment provision in Q4FY18) is expected to decline ~12% YoY to ₹ 314 crore mainly due to a below expected operational performance
Narayana Hrudalaya	Revenues are likely to grow ~14% YoY to ₹ 735 crore mainly due to strong growth in new hospitals. EBITDA margins are likely to improve 272 bps to ~10.8% YoY mainly due to improvement in margins in the 'three to five years' hospitals category. Subsequently, net profit is expected to increase ~140% YoY to ₹ 19.3 crore mainly due to a strong operational performance
Natco Pharma	Due to high base of gTamiflu, revenues are expected to decline 29.5% YoY to ₹ 541.5 crore. EBITDA margins are likely to decline to 33.4% from 49.9%. Subsequently, net profit is expected to decline ~55% YoY to ₹ 134.4 crore
Sun Pharma	Revenues are likely to increase 9% YoY to ₹ 7614 crore mainly due to 11% growth in the US and 10% growth in domestic formulations. Taro's sales are expected to grow 15% YoY. EBITDA margins are expected to decline to 85 bps YoY to 23.3%. Net profit is expected to decline 26% due to higher tax rate (18% vs. -12.8% in Q4FY18)
Syngene	Revenues are likely to grow 17% YoY to ₹479 crore on the back of 1) traction in discovery services and biologics businesses, 2) scientists ramp up and 2) favourable currency movement. EBITDA margins are expected to be ~30%. Net profit is expected to grow ~4% to ~₹ 88 crore, lower growth vis-à-vis EBITDA mainly on account of capex related expenses
Torrent Pharma	Revenues are expected to grow ~15% YoY to ₹ 1971 crore mainly due to 23% growth in the US and 15% growth in domestic market. EBITDA margins are expected to increase 286 bps YoY to 24% mainly due to a better product mix. Despite a strong operational performance, net profit expected to decline ~35% YoY to ₹ 149 crore mainly due to high tax rate (25% vs. -70.1% in Q4FY18)

Source: Company, ICICI Direct Research

Real Estate

Higher absorption, declining vacancy to drive lease rentals

India's total Grade-A office stock is currently expected at 577 msf. Top markets viz. Bengaluru, MMR, Pune and NCR have the highest office space absorption in the world, with combined absorption at 135.8 msf in CY13-Q1CY18. Even, total gross leasing activity in India touched ~11 million square feet in Q1CY19, led by tech and IT companies (38% share). Bengaluru (31%) accounted for the highest share in leasing, followed by Mumbai (19%) and Chennai (14%). Co-working spaces contributed ~30% of office leasing. In our coverage, The Phoenix Mills and Brigade Enterprises will be the key beneficiaries from this trend.

Affordable, mid-segment housing to lead residential theme

While a 6% YoY growth in residential sales volumes to 242,328 units in CY18 gave us hints on a pick-up in housing market, there could be a blip in Q1CY19 on account of possible delayed purchases decision by home buyers following downward revision in GST rate. The GST Council slashed GST rates on under-construction houses to 5% (earlier 12%) with a special rate of 1% (earlier 8%) for affordable homes, without input tax credit (ITC) benefits, effective April 1, 2019. The downward revision of GST rates (effective April 1, 2019) will act as a strong demand driver for the residential real estate market, especially for the affordable and mid-segment housing. However, we anticipate that buyers could have delayed their purchases to post April 1, 2019 to take benefit of lower GST rates. Secondly, in February (2019) interim budget, the government proposed extension of tax benefits for affordable homes by one year up to March, 2020, giving a big boost to this segment of the real estate. With reduced GST rate and extension of tax benefits, we anticipate revival in the residential sales volume in coming quarters.

Sales volumes expected to grow 37.4% YoY

While we anticipate overall residential market's sales volumes will show a blip in Q1CY19, we expect sales volumes for our coverage companies to grow 37.4% YoY to 27.7 lakh sq ft (lsf) in Q4FY19E, mainly on account of strong launches in affordable segment and activation schemes for some projects. Sobha reported strong sales volume of 1.13 msf in Q4FY19, led by strong set of launches in Bengaluru, Chennai and Gujarat markets. We expect strong sales volume from Brigade Enterprises (87.8% YoY growth to 8 lsf expected in Q4FY19E). Also, Sunteck Realty's volume growth is expected at 2.9x to 2.4 lsf on account of activation schemes at Goregaon project.

Real estate revenues expected to grow 17.8% YoY

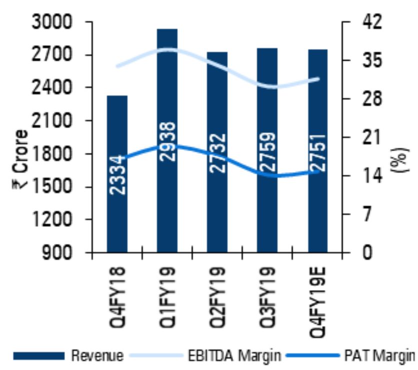
Real estate universe revenues are expected to grow 17.8% YoY to ₹ 2750.6 crore. On the EBITDA margin front, it is expected to contract 230 bps to 31.7% mainly due to a change in project mix particularly for Oberoi. Overall, we expect our universe PAT to grow 2.8% YoY to ₹ 408.2 crore

Exhibit 1: Estimates for Q4FY19E: (Real Estate) (₹ Crore)

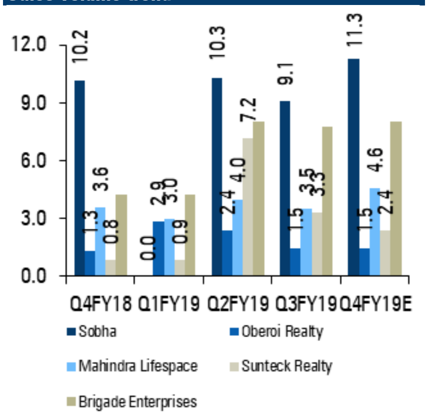
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Oberoi Realty	508.0	48.2	-3.5	180.5	-1.6	-4.1	132.3	-7.4	-4.1
Mahindra Lifespace	109.1	-24.9	-10.1	5.7	-62.8	-34.0	13.3	-19.4	-13.8
Sobha Dev.	694.3	-9.8	-11.9	144.2	5.7	-9.3	62.5	-4.4	-10.4
Sunteck Realty	277.8	34.4	42.6	116.7	8.6	43.3	71.6	16.2	46.1
Brigade Enterprises	692.3	59.7	0.7	184.3	36.7	4.7	45.9	153.9	-6.0
The Phoenix Mills	469.1	7.4	6.5	239.7	10.9	7.7	82.5	-10.8	16.5
Total	**2,750.6**	**17.8**	**-0.3**	**870.9**	**9.8**	**4.2**	**408.2**	**2.8**	**4.2**

*Source: Company, ICICI Direct Research; *Standalone figures for Mahindra Lifespace*

Topline & Profitability (Coverage Universe)



Sales volume trend



Top Picks

The Phoenix Mills
Brigade Enterprises

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Exhibit 2: Company Specific Views (Real Estate)

Company	Remarks
Oberoi Realty	We anticipate Oberoi's sales momentum to grow moderately in Q4FY19E on account of delayed purchases following downward revision GST rates in housing segment, effective April 1, 2019. Hence, we expect the company to post sales volumes of 1.45 lakh sq ft (10% growth YoY). On the financial front, we expect the topline to grow robustly by 48.2% YoY to ₹ 508.0 crore due to change in accounting standard to Ind-As 115. Furthermore, EBITDA margins are expected to decline 17.8 percentage points YoY to 35.4% on account of higher sales expected from low-margin Borivali proejcts and front-loading of the entire Borivali land cost in the first phase of project launches and lower expected sales of high-margin Goregaon projects. Overall, we expect bottomline to de-grow 7.4% YoY to ₹ 132.3 crore
The Phoenix Mills	Phoenix Mills is expected to clock retail revenue growth of 12.9% YoY to ₹ 304.7 crore on account of a better performance at its key mall assets. On the commercial front, we expect revenue growth at 15.3% YoY to ₹ 20.9 crore while the residential segment is expected to clock 10.7% YoY revenue growth to ₹ 58.6 crore in Q4FY19E. Overall, we expect the topline to grow 7.4% YoY to ₹ 469.1 crore in Q4FY19E. EBITDA margin is expected to expand 160 bps YoY to 51.1% in Q4FY19E. However, the bottomline is expected to de-grow 21.4% YoY to ₹ 82.5 crore in Q4FY19E due to base effect as there was almost zero tax in Q4FY18. On the PBT level, Phoenix is expected to clock 17.1% growth to ₹ 112.1 crore in Q4FY19E
Brigade Enterprises	We anticipate Brigade to post sales volumes growth of 87.8% YoY to 0.8 msf in Q4FY19E, supported by strong launches in Q3FY19 and Q4FY19E like Brigade Utopia. Overall, we expect the company to clock revenue growth by 59.7% YoY to ₹ 692.3 crore, while EBITDA margins are expected to contract 450 bps YoY to 26.6% in Q4FY19E. Overall, we expect PAT to jump 3.7x to ₹ 56.5 crore in Q4FY19E on account of one-off in Q4FY18 (₹ 11.5 crore spent as expense on demerger in Q4FY18)
Sobha Ltd	Sobha reported 1.13 msf sales volumes and clocked sales value of ₹ 920.5 crore at an average realization of ₹ 8,152/sq ft in Q4FY19. Sales volume was led by Begaluru market wherein the company achieved 0.84 msf sales. Such strong sales volume was led by healthy launches during the quarter. In Q4FY19, the company launched SOBHA Royal Pavalion, a super luxury project (saleable area of 2.23 msf) in Bengaluru. It also launched SOBHA Dream Heritage, an affordable housing project (saleable area of 0.52 msf) in Gift City, Gujarat. and SOBHA Palacia, a super luxury project (saleable area: 0.60 msf) in Chennai. In total, Sobha launched 3.35 msf and 7.36 msf of projects during Q4FY19 and FY19, respectively,million square feet of new launches. Overall, on the financial front, we expect the topline to de-grow 9.8% YoY to ₹ 694.3 crore. Furthermore, EBITDA margin is expected to grow 300 bps YoY to 20.8% in Q4FY19E. Overall, we expect the bottomline to de-grow by 4.4% YoY to ₹ 62.5 crore on account of bottomline de-growth and higher tax rate (34.0% expected in Q4FY19E vs. 27.9% in Q4FY18)
Mahindra Lifespace	We expect MLD's sales volumes to grow 26.4 % YoY to 4.6 lakh sq ft in Q4FY19E, supported by strong sales at its Pune affordable housing project. On the financial front, we expect MLDL's topline to de-grow 24.9% YoY to ₹ 109.1 crore on account of 26.0% YoY de-growth in residential revenue recognition to ₹ 104.6 crore. Secondly, EBITDA margins are expected to contact 530 bps to 5.2% Consequently, we expect the bottomline to de-grow 19.4% YoY to ₹ 13.3 crore
Sunteck Realty	Sunteck's sales volume is expected to grow strongly in Q4FY19E on account of subvention schemes at several projects and healthy performance at its Goregaon projects. The company has met its sales volumes guidance of 150 flats at ODC projects in Goregaon. Also, good sales momentum at Naigaon affordable projects will support its sales momentum in Q4FY19E. Overall, we expect sales volumes at 2.4 lakh sq ft in Q4FY19E. On the financial front, we expect topline to grow 34.4% YoY to ₹ 277.8 crore while bottomline is expected to grow 16.2% YoY to ₹ 71.6 crore

Source: Company, ICICI Direct Research

Exhibit 3: Key News in Q4FY19 (Real Estate)

Company/Sector	News
Real Estate sector	The GST Council has approved a transition plan on the new tax structure implementation for the residentail real estate sector, applicable from April 1, 2019. As per this, the under construction projects will have an option to shift to new GST rate regime (1% GST for affordable housing and 5% GST for other types of housing projects) without input tax credit (ITC) benefits. It also held that 80% procurement of materials should be from registered dealers
	As per the latest Knight Frank report, residential housing launches grew at a robust 76% YoY to 1,82,207 units in CY 2018 vis-à-vis decline in unsold inventory by 11% YoY to 4,68,372 units. Furthermore, housing unit sales grew 6% YoY to 2,42,328 units in CY 2018. This was the first time that sales have increased YoY in any year during this decade. The highest sales growth was witnessed in Bengaluru market at 27% YoY.
Mahindra Lifespace Developers	Mahindra Lifespace Developers Ltd (MLDL) has executed an agreement to acquire approximately seven acres of land in Pune. The company plans to develop a mid-segment residential project with development potential of approximately 0.7 million square feet. The project falls within Pimpri Chinchwad Municipal Corporation jurisdiction
Brigade Enterprises	Brigade Enterprises plans to invest ₹ 4,000 crore to develop commercial properties in South India by 2020. On this front, it has chalked out plans to launch incremental 8.2 million sq ft (msf) of office and retail space over the next three years. The company has already established an indicative investment platform of ₹ 1,500 crore with GIC. The platform has concluded two land deals in Bengaluru and one in Chennai.

Source: Company, ICICI Direct Research

Retail

End of Season Sales (EOSS) to aid revenue growth

In Q3FY19, the retail sector had reported one of its best ever quarterly performances (~27% YoY revenue growth) in recent times on account of healthy consumer demand and a shift of major festivals. For Q4FY19, we expect our coverage universe to report revenue growth of 15% YoY. Stock clearance sales by various retailers (EOSS) and wedding demand is expected to aid revenue growth, to a certain extent.

ABFRL, Trent to outperform….

For Shoppers Stop, we expect revenue growth to remain soft owing to delay in store additions (added only one departmental store in Q4FY19) and low single digit same stores sales growth (we model in 3% SSSG for Q4FY19). We expect ABFRL to report healthy revenue growth of 16% YoY, mainly driven by robust growth in the Pantaloons division (22% YoY). For Trent, we believe aggressive store expansion pace for Westside and traction in its latest value fashion business, ‘Zudio’, are key triggers for healthy topline growth of 18% YoY in Q4FY19E. With the jewellery industry already reeling under liquidity tightening pressure, spike in gold prices (up 8%, 4%, YoY, sequentially, respectively, in Q4FY19) was an additional detriment, dampening jewellery demand. Despite such a challenging scenario, Titan’s jewellery segment continues to gain market share. We expect overall revenues for Titan to increase 17% YoY, led by 16%, 13% growth in the jewellery and watches segment, respectively. In the previous two quarters, Bata reported robust double digit growth, driven by healthy traction in its new product launches and increase in its average selling price. We expect Bata to sustain its double digit revenue trajectory with topline growth of 13% YoY in Q4FY19E.

EBITDA margin expected to remain range bound….

Except for Bata, we anticipate limited scope of EBITDA margin expansion for our coverage universe on account of lower gross margins due to higher discounting (EOSS) and increase in operating expenses on account of new store additions. We expect EBITDA margins of our retail coverage universe to improve marginally by 30 bps YoY.

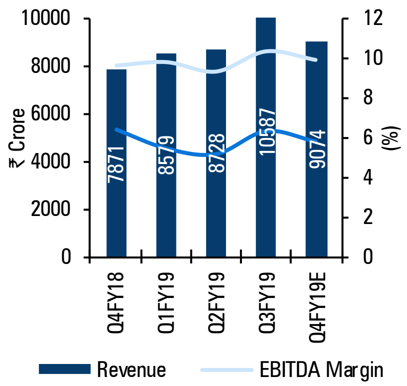
We expect EBITDA margins for Trent, Shoppers Stop and Titan to expand marginally by 30 bps, 43 bps and 44 bps, respectively. ABFRL had reported one of its highest ever EBITDA margin in Q4FY18. Hence, on a high base, we expect EBITDA margins to decline 120 bps YoY to 8.1%. For Bata, we expect sustained improvement in product portfolio (premiumisation) to enable healthy EBITDA margin expansion of 300 bps YoY in Q4FY19E.

Exhibit 4: Estimates for Q4FY19E: (Retail) (₹ Crore)

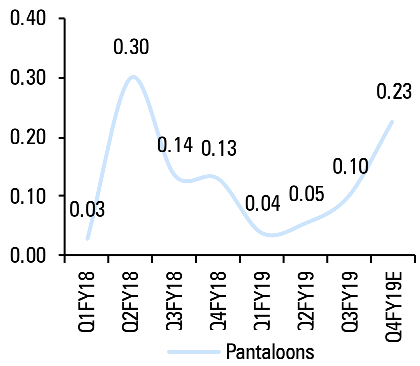
Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Aditya Birla Fashion &	2,029.9	15.8	-11.0	164.4	0.7	-4.9	53.8	-52.4	-23.4
Bata India	715.3	13.1	-8.1	114.5	39.1	-30.1	73.2	40.6	-29.1
Shopper Stop	886.7	4.4	-11.3	57.6	11.8	-40.7	18.6	-10.4	-58.0
Titan Company	4,818.0	17.3	-17.9	532.3	22.2	-10.0	364.6	19.0	-11.3
Trent Ltd	623.9	18.0	-5.0	31.2	25.3	-57.0	14.3	22.4	-64.6
Total	**9,073.7**	**15.3**	**-14.3**	**900.0**	**18.8**	**-18.0**	**524.5**	**4.1**	**-21.6**

Source: Company, ICICI Direct Research

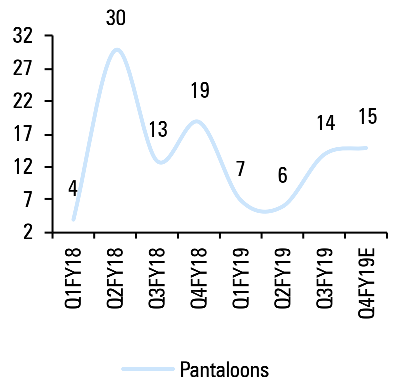
Topline & Profitability (Coverage Universe)



Space addition- million sq. ft. (QoQ)



Store addition –(QoQ) Pantaloons



Top Picks

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Exhibit 5: Company Specific Views (Retail)

Company	Remarks
Bata India	Over the past couple of quarters, Bata has managed to sustain healthy double digit revenue growth, mainly driven by new product launches and increase in ASP. We expect healthy revenue trajectory to continue, going forward, and report topline growth of 13% YoY to ₹ 715.3 crore in Q4FY19. We expect gross margins to improve significantly by 111 bps owing to an increase in share of premiumised products. Furthermore, with positive operating leverage kicking in, we expect EBITDA margins to expand 300 bps YoY to 16.0%. Subsequently, we expect PAT to increase 41% YoY to ₹ 73.2 crore
Shoppers Stop	We expect revenue growth for SSL to remain soft owing to moderate like to like sales growth (LTL) and delay in store addition in Q4FY19 (added just one departmental store). We model in 3% LTL growth for Q4FY19. On account of implementation of Ind-As 115, revenues are not exactly comparable to the previous year. We expect EBITDA margins to improve 40 bps YoY to 6.5%, with absolute EBITDA increasing 12% YoY to ₹ 57.6 crore. However, on account of lower taxation rate in the base period (8% in Q4FY18 vs. ~35%), we expect PAT to decline 10% YoY to ₹ 18.6 crore
Titan Company	The jewellery industry continued to face headwinds such as spike in gold prices and liquidity tightening. Despite a challenging scenario for jewellery players, Titan continues to gain market share. We expect revenues from the jewellery segment to increase 16% YoY in Q4FY19E. After five consecutive years of single digit revenue growth, watches division has witnessed significant turnaround with ~17% revenue growth YTDFY19. On the back of new launches, we expect the watches segment to sustain its healthy revenue trajectory and report topline growth of 13% YoY in Q4FY19E. Overall revenues are expected to increase 17% YoY to ₹ 4818 crore. EBITDA margins are expected to improve 44 bps YoY to 11.0%, with PAT increasing 19% YoY to ₹ 365 crore.
Trent Ltd	The management has accelerated pace of store addition by opening ~ 22 Westside stores in FY19E (had added 18 in FY18). Driven by healthy store addition and mid-single digit LTL growth, we expect Trent to report robust revenue growth of 18% YoY to ₹ 624.0 crore in Q4FY19. Also, EOSS would provide additional growth impetus. On account of absorption of fixed cost on new store additions, we expect limited scope of margin expansion in Q4FY19. Hence, we expect EBITDA margins to improve marginally by 30 bps YoY to 5.0%. We expect PAT to increase 22.4% YoY to ₹ 14.3 crore
ABFRL	We expect ABFRL to report healthy revenue growth of 16% YoY to ₹ 2030 crore, mainly driven by robust revenue growth in the Pantaloons division (22% YoY to ₹ 782 crore). On a YTD basis (April-December), ABFRL added 27 Pantaloons stores and expects to have added ~15 stores in Q4FY19, taking total store count to 317. We expect Lifestyle brands to report steady revenue growth of 9% YoY to ₹ 1106 crore. ABFRL had reported one of its highest ever EBITDA margin of 9.3% in Q4FY18. On a high base, we expect EBITDA margins to taper down by 120 bps YoY to 8.1% owing to lower gross margins and increase in employee expense. In Q4FY18, the company had recognised deferred tax asset worth ₹ 68.8 crore. Hence, optically PAT is expected to decline to ₹ 53.8 crore vs. ₹ 113.0 crore in Q4FY18. Adjusting for the same, we expect PAT to increase 21% YoY to ₹ 53.8 crore

Source: Company, ICICI Direct Research

Telecom

Fundraising cushion for medium term capex requirement

The intent of Vodafone and other incumbent to raise capital through rights issue is expected to provide much needed cushion for their near term capex needs. During the quarter, the Vodafone Idea board approved raising of ₹ 25,000 crore through rights issue while other incumbents also approved raising of ₹ 32,000 crore. Vodafone Idea's issue price has been set at ₹ 12.5 per share while rights entitlement ratio has been set at 87 equity shares for every 38 equity shares. The management also confirmed that the promoter shareholders (Vodafone Group and Aditya Birla Group) confirmed their participation of up to ₹ 11,000 crore and up to ₹ 7,250 crore, respectively. Furthermore, the company also confirmed that in case the rights issue is undersubscribed, the promoter may step in to subscribe to part or whole amount of the unsubscribed portion.

Minimum recharge packs to optically drive ARPU growth

Incumbents rolled out minimum recharge packs during last quarter, which led to subscriber churn but also eventually increase in optical ARPU. We believe the impact of the same would continue during the quarter. Accordingly, we bake in ~15 million churn for Vodafone Idea. We expect ARPU for Vodafone Idea to improve 6.7% QoQ to ₹ 95. This is expected to lead to 1.8% sequential revenue growth to ₹ 11,978 crore.

Synergy benefits to aid EBITDA, bottomline to remain in red

Vodafone Idea's synergy led benefits (lower networking costs due to tenancy exits and operating leverage) is likely to drive 23.3% QoQ EBITDA improvement while EBITDA margins are expected to improve 200 bps sequentially to 11.7%. However, on account of elevated interest costs (over ₹ 1.2 lakh crore debt) as well as depreciation, the company is expected to post a net loss of ₹ 4540 crore.

Sterlite strong show to continue, Tata Comm. numbers muted

Sterlite Tech's Q4FY19 performance is likely to be driven by strong traction in services segment with execution in recent orders from Navy. Reported topline is expected to grow 67% YoY to ₹ 1419 crore. Consolidated EBITDA may grow ~38% YoY while EBITDA margins are expected to decline 450 bps YoY to 21.5%, owing to increased proportion of services revenues. Tata Communication (TCom) is expected to report moderate revenues growth despite healthy growth of the data segment, partly offset by persistent weakness in the voice business. Overall revenue is expected to grow 4.4% YoY largely led by 14% YoY growth in data segment, with overall margins expected at 15.6% (up 170 bps YoY), aided by superior data margins.

Topline & Profitability (Coverage Universe)

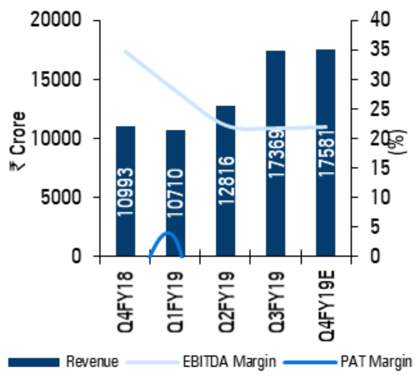

Exhibit 6: Estimates for Q4FY19E: (Telecom) (₹ Crore)

Company	Revenue Q4FY19E	Change (%) YoY	Change (%) QoQ	EBITDA Q4FY19E	Change (%) YoY	Change (%) QoQ	PAT Q4FY19E	Change (%) YoY	Change (%) QoQ
Vodafone Idea	11,978.4	NA	NA	1,401.4	NA	NA	-4,539.6	NA	NA
Sterlite Technologies	1,418.6	67.6	6.3	305.0	38.4	3.8	159.9	42.2	9.8
Tata Comm	4,184.2	4.4	-2.0	652.7	17.5	-22.5	21.1	LP	-87.8
Total*	**5,602.9**	**15.4**	**0.0**	**2,463.3**	**4.0**	**-6.7**	**181.0**	**LP**	**-43.2**

*Source: Company, ICICI Direct Research *excl. Vodafone Idea which is not comparable on YoY basis*

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Exhibit 7: Company Specific view - Telecom

Company	Remarks
Vodafone Idea	With the implementation of minimum recharge and consolidation led churn, we bake in ~15 million customer exit on a QoQ basis. However, boosted by minimum recharge and loss of low/virtually zero paying customers, reported ARPU is expected to grow ~6.7% QoQ to ₹ 95 resulting in revenue growth of ~1.8% QoQ (on a like-to-like basis) to ₹ 11,978 crore. Furthermore, with synergy led benefits (lower networking costs due to tenancy exits and operating leverage), we expect Idea to report EBITDA margin of 11.7% (up 200 bps QoQ on a like to like basis). The company is expected to post a net loss of ₹ 4540 crore. **Key monitorable**: Progress on fructification of synergy gains and fund raising status
Sterlite Tech	Sterlite Tech's Q4FY19 performance is likely to be driven by strong traction in services segment with execution in recent orders from Navy. The reported topline growth is expected to be 67% YoY to ₹ 1419 crore, with like-to-like growth of ~50% (ex-Metallurgica), also aided by continued strong momentum from the product segment, especially on the exports front. Consolidated EBITDA is expected to witness strong growth of ~38% YoY to ₹ 305 crore while EBITDA margins for the quarter are expected to decline 450 bps YoY to 21.5%, owing to increased proportion of services revenues, which command lower margins. PAT is expected to grow ~42% YoY to ₹ 160 crore. **Key monitorable**: Management commentary on recent pricing slide in China and its implication for the company
Tata Comm	Tata Communications is expected to report moderate revenues growth despite healthy growth of the data segment, partly offset by persistent weakness in the voice business. Overall revenue is expected to grow 4.4% YoY at ₹ 4184 crore. Revenue for the voice business is expected to decline ~20% YoY to ₹ 885 crore. The data business, however, is expected to post ~14% YoY growth in topline at ₹ 3299 crore. Revenue growth continues to be driven by stronger traction in growth services (expected to be up 20% YoY) while traditional data segment is likely to witness ~10% YoY growth, with stabilisation of operator consolidation. Overall margins are expected at 15.6% (up 170 bps YoY) aided by superior data margins (likely to expand to 18% vs. 16.7% in base quarter). **Key monitorable**: Commentary on TTSL acquisition; update on land demerger

Source: Company, ICICI Direct Research

Others

Topline & Profitability (Coverage Universe)

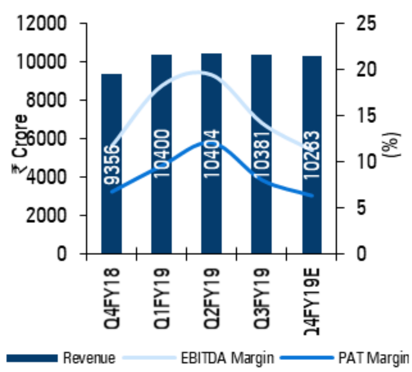

Exhibit 8: Estimates for Q4FY19E: (Others) (₹ Crore)

Company	Revenue	Change (%)		EBITDA	Change (%)		PAT	Change (%)	
	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ	Q4FY19E	YoY	QoQ
Cox & Kings	457.1	-14.1	-8.4	121.8	-10.2	2.4	7.4	448.9	-74.4
DRECOR	169.6	11.0	2.7	43.9	12.5	13.8	13.6	-20.6	38.6
HIMCHE	572.5	3.9	-2.4	130.5	4.9	-1.7	75.5	6.0	-10.4
Mah. Seamless	879.1	39.3	11.9	163.6	31.6	4.0	108.7	23.0	17.2
Mcleod Russel	329.1	-12.9	-29.3	-310.7	NA	NA	-110.0	NA	PL
Navneet Publications	217.7	2.4	19.9	23.7	-0.2	51.2	15.2	0.9	101.5
Rallis India	399.2	7.6	-4.4	31.4	-6.5	13.4	16.8	-14.3	21.7
Ratnamani Metals &	734.1	18.6	0.8	106.4	14.7	5.5	64.4	14.5	2.6
Solar Industries	632.7	10.0	-3.1	133.5	13.0	9.9	76.1	12.3	3.3
TTK Prestige	466.7	12.1	-15.5	67.7	17.0	-20.7	44.8	21.0	-21.2
TeamLease Services	1,243.1	27.2	6.0	29.1	27.9	18.6	28.9	36.1	14.3
United Spirits	2,383.4	9.6	-4.7	321.8	17.4	-7.5	166.8	-20.9	-13.3
United Breweries	1,562.5	6.3	7.7	250.0	20.1	0.9	117.7	29.5	7.8
VST Tillers & Tractors	172.4	-28.6	18.1	22.4	-46.3	80.6	15.8	-53.1	56.4
Wonderla Holidays	64.2	16.9	-15.6	22.9	50.0	-22.9	10.4	181.6	-28.5
Total	**10,283.3**	**9.9**	**-0.9**	**1,158.0**	**5.4**	**-21.5**	**652.1**	**3.0**	**-21.9**

Source: Company, ICICI Direct Research

Exhibit 9: Company views

Company	Remarks
Cox & Kings	Q4 is a seasonally weak quarter for Cox and Kings vs. Q1 & Q2. Revenues are likely to decline 14% YoY mainly due to sale of education business, which reported revenue of ₹ 116 crore last year. On a like to like basis, we expect revenue growth of 10% YoY that would mainly come from Meininger (up 12.0% YoY led by bed additions) and leisure India revenues (up 10.0% YoY). We expect a 110 bps YoY improvement in margins led by cost efficiencies that will add to profitability growth during the quarter
Dredging Corporation of India	Revenues for the quarter are expected to grow 11% YoY on the back of better fleet utilisation. Lower fuel expense would aid in improving the EBITDA margin by 40 bps YoY to 25.9%. EBITDA is expected to grow 12% YoY to ₹ 44 crore. However, PAT is expected to decline 21% to ₹ 13.6 crore on account of lower other income, which is expected to be ~ ₹ 4 crore in Q4FY19E vs. ₹ 15.4 crore in Q4FY18
Himadri Speciality Chemicals	With peak of the profitability behind them as well as flat to negative volume growth, we expect Himadri Speciality Chemicals to report muted numbers in Q4FY19. Total carbon sales in Q4FY19 are expected at 96,363 units, down 1% YoY. Consequent net sales for the quarter are expected at ₹ 573 crore, up 4% YoY. EBITDA in Q4FY19 is expected at ₹ 131 crore with corresponding EBITDA margins at 22.8%, up 20 bps QoQ & YoY. PAT is expected at ₹ 76 crore, up 6% YoY
Maharashtra Seamless	We expect Maharashtra Seamless to report a healthy performance for Q4FY19. Total pipes sales are likely to come in at ~107500 tonne. Sales of seamless pipes are expected to come in at ~90000 tonne (up 24% YoY, 12% QoQ), while ERW pipes volume is likely to be ~18000 tonne (up 26.8% YoY, 13.7% QoQ). We expect topline to increase 39.3% YoY and 11.9% QoQ to ₹879 crore while EBITDA is likely to increase 31.5% YoY and 4% QoQ to ₹ 163.6 crore
McLeod Russel	McLeod Russel is expected to witness sales de-growth of 12.9% due to sale of 12 tea estates in the recent months. The company sells low quality/left over tea in Q4 as it is off-season for tea industry. We expect the company to post a loss of ₹110 crore against ₹ 142.1 crore in the corresponding quarter
Navneet Education	In a seasonally weak quarter for the publication segment, we expect overall revenues to grow marginally by 2.4% YoY to ₹ 217.8 crore. On the segmental front, we expect publication segment to report revenue growth of 6.2% YoY to ₹ 58 crore while stationery segment is expected to report flattish growth at ₹ 159 crore. EBITDA margins are expected to decline 30 bps YoY to 10.9%. Consequently, we expect PAT to remain flattish at ₹ 15.2 crore

Source: Company, ICICI Direct Research

Exhibit 10:	
Rallis India	In the seasonally weak quarter, we expect standalone business revenues to grow at 7.9% YoY to ₹ 377 crore, largely price led. Further, Metahelix is likely to report revenues of ₹ 23 crore with overall topline growth of 7.6% YoY to ₹ 399 crore on a consolidated basis. Operating margins is expected to remain subdued largely on account of higher RM cost. EBITDA is expected to remain at ₹ 31 crore (-6.5% YoY) while bottom-line at ₹ 16.8 crore (-14.3% YoY)
Ratnamani Metals & Tubes	We expect Ratnamani Metals to report a steady performance for Q4FY19 wherein the capacity utilisation levels of both the segment are likely to track the orderbook execution. We expect the capacity utilisation of stainless steel segment to come in at ~78%, and that of carbon steel segment at ~85%. Subsequently, the stainless steel segment is expected to report volumes of 5425 tonne and carbon steel segment of 74375 tonne. The topline is likely to increase 18.6% YoY while EBITDA is likely to increase 14.7% % YoY. We expect the EBITDA margin to increase QoQ at ~14.5% (13.9% in Q3FY19) while PAT is likely to increase 14.5% YoY
Solar Industries	Solar Industries is expected to post revenue growth of 10% YoY to ₹ 632.7 crore. This is on the back of ~13% growth in 'exports and overseas' segment. We also expect healthy execution in the defence segment (at ~₹ 45 crore). Other segments like bulk and cartridge explosives are likely to witness mixed volume and realisation growth during the quarter. Overall, we expect the industrial explosives segment to grow 6.5% YoY. EBITDA margins are likely to remain stable at 21.1%. PAT is likely to increase 12.3% YoY to ₹ 76.1 crore
TTK Prestige	We expect TTK Prestige to report net sales growth of 12% YoY to ₹ 466.7 crore (adjusted growth for Ind-As-115: 15%). On the segmental front, we expect cookers segment to sustain its healthy momentum driven by increased penetration in rural areas owing to government initiative such as Ujjwala Yojana scheme. We expect the EBITDA margin to expand 60 bps YoY to 14.5%. Subsequently, we expect PAT to increase 21% YoY to ₹ 44.8 crore
Teamlease Financials	Healthy growth in general staffing (up 5.3% QoQ) coupled with 10.2% QoQ growth in specialised staffing and 21.0% QoQ growth in other HR services is expected to drive topline in Q4FY19E (up 6.0% QoQ and 27.2% YoY). Further, we expect EBITDA margins to improve ~20 bps QoQ to 2.3% mainly led by improvement in margin at other HR services (mainly due to low base in last quarter). PAT is expected to increase 14.3% QoQ to ₹ 28.9 crore on account of continuance of 80 JJAA tax benefits and improvement at operating level
United Spirits	Overall volumes are expected to grow 3% YoY to 22 million cases, on the back of 10% growth in the Prestige and Above segment. Ongoing premiumisation would drive 10% growth in the net revenues. Increased inflation in the raw material (ENA) and packaging material (glass), would offset growth in net revenues on the gross margins level. EBITDA is expected to grow 17%, in spite of subdued gross profits YoY, due to greater management focus on cost-control measures. Subsequently, PAT is expected to de-grow 21% mainly due to exceptional inflow of ₹ 37 crore in Q4FY18
United Breweries	Volumes are expected to grow 5% to 38.6 million cases. Similarly, net revenues are expected to grow 6% YoY. EBITDA margins are expected to improve 180 bps to 16% (due to favourable product mix) with an absolute EBITDA growth of 20%. Subsequently, PAT is expected to grow 30% YoY
VST Tillers & Tractors	We expect dismal performance to continue primarily driven by de-growth in sales volume and consequent negative operating leverage. In Q4FY19, power tillers sales volume were at 7,271 units (down 28% YoY) while tractor sales volume are expected at 2,123 units (down 41% YoY). Consequent sales is expected at ₹ 172 crore, down 29% YoY. EBITDA margins are expected to taper down to 13.0% (17.2% in base quarter, Q4FY18) with consequent EBITDA at ₹ 22. PAT for the quarter is expected at ₹ 16 crore, down 53% YoY (₹ 34 crore in base quarter)
Wonderla Holidays	We expect Wonderla to register revenue growth of 16.9% YoY mainly led by improved footfalls in Bengaluru & Hyderabad, which was impacted last year due to steep price hikes. In terms of margins, we expect EBITDA margins to improve 790 bps YoY to 35.7% mainly due to stabilisation in the footfall growth. At the PAT level, we expect net profit to grow 181% YoY due to better margins and low base impact of last year

Source: Company, ICICI Direct Research

ICICI Direct Research Coverage Universe

Sector / Company	CMP	TP	Rating	Mcap	EPS (Rs)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Apparels																			
Kewal Kiran Clothing Ltd	1,276	1,300	Hold	1,572	59.4	66.3	72.2	21.5	19.2	17.7	14.5	12.9	11.9	25.9	24.2	25.0	18.3	19.0	19.3
Vardhman Textiles Ltd	1,071	1,200	Buy	6,153	103.1	124.7	133.3	10.4	8.6	8.0	8.3	6.3	6.0	9.2	11.2	10.9	11.7	13.0	12.6
Page Industries	23,875	24,045	Hold	26,630	311.1	382.8	462.4	76.7	62.4	51.6	43.0	35.3	29.3	58.8	66.3	65.7	41.0	45.4	44.6
Rupa	344	340	Hold	2,732	10.8	11.7	13.4	31.7	29.3	25.6	16.5	15.0	13.2	19.5	18.0	19.4	17.3	16.7	17.0
Auto																			
Amara Raja Batteries	682	630	Hold	11,641	27.6	29.8	34.8	24.7	22.9	19.6	12.8	11.5	10.0	23.3	22.1	22.4	16.0	15.2	15.5
Apollo Tyres	221	225	Buy	12,654	12.7	14.2	22.5	17.5	15.6	9.9	8.4	6.7	5.7	7.8	9.1	11.0	7.4	9.1	11.1
Ashok Leyland	88	85	Hold	25,759	5.3	6.4	7.8	16.4	13.7	11.3	7.3	6.6	5.0	28.1	28.2	31.9	21.9	23.2	24.3
Bajaj Auto	2,854	2,380	Hold	82,574	140.6	149.7	167.2	20.3	19.1	17.1	11.9	11.3	9.3	22.9	21.1	21.7	21.5	20.3	20.2
Mahindra CIE	222	275	Buy	8,407	9.7	14.5	17.0	22.8	15.3	13.1	12.5	9.4	7.5	11.4	13.2	15.5	10.1	12.8	13.2
Eicher Motors	20,825	21,250	Hold	56,816	718.9	848.4	1,112.9	29.0	24.5	18.7	19.0	16.7	12.3	39.1	34.6	35.3	29.9	26.0	26.4
Hero Motocorp	2,610	3,000	Buy	52,129	185.1	174.5	199.9	14.1	15.0	13.1	8.7	9.0	7.7	42.4	38.0	39.0	31.4	26.9	27.4
Tata Motors	203	145	Hold	63,433	26.8	-83.4	16.6	7.6	NM	12.2	2.4	3.3	2.6	9.1	5.1	9.9	10.3	5.9	12.6
Escorts	764	700	Hold	9,365	28.1	40.7	44.1	27.2	18.8	17.3	14.2	10.6	9.3	21.0	23.5	22.7	13.8	16.1	15.3
Balkrishna Industries	978	820	Hold	18,908	38.2	42.5	49.8	25.6	23.0	19.6	14.2	11.6	9.5	22.4	21.0	22.4	18.1	17.2	17.3
Bosch	18,000	17,565	Hold	53,089	449.1	545.6	622.9	40.1	33.0	28.9	25.1	22.4	18.9	21.4	22.2	22.6	14.4	14.9	15.2
Exide Industries	218	235	Hold	18,547	7.9	9.2	9.8	27.6	23.7	22.3	15.2	14.1	12.0	19.1	17.6	19.1	13.0	12.2	13.1
JK Tyre & Industries	93	82	Hold	2,099	2.9	10.0	22.0	31.8	9.3	4.2	9.2	5.8	4.1	7.7	12.2	16.1	3.6	12.9	19.2
Maruti Suzuki	7,122	6,000	Sell	215,155	255.6	246.2	272.6	27.9	28.9	26.1	14.0	14.8	13.2	21.1	17.0	17.4	18.5	16.1	16.1
Motherson Sumi	150	125	Hold	47,396	5.1	5.3	7.0	29.7	28.3	21.5	9.3	8.5	6.8	16.3	15.2	18.0	17.4	15.7	18.0
Wabco	6,320	7,000	Hold	11,987	143.8	172.2	212.3	43.9	36.7	29.8	30.4	26.2	20.8	25.1	25.7	26.0	17.9	17.8	18.2
Building Materials																			
Century Plyboard	207	155	Hold	4,609	7.1	7.6	7.8	29.4	27.3	26.6	5.5	4.8	4.2	20.3	21.5	19.9	18.7	17.5	15.8
Kajaria Ceramics	623	620	Buy	9,899	14.8	14.9	20.2	42.1	41.7	30.8	7.3	6.5	5.6	22.7	21.2	24.6	17.4	15.5	18.1
Somany Ceramics	456	410	Buy	1,933	18.3	9.9	20.5	25.0	46.3	22.3	3.3	3.1	2.8	12.2	7.8	12.0	13.3	6.8	12.6
Greenply Industries	169	140	Hold	2,072	11.2	8.2	10.5	15.0	20.6	16.2	2.3	2.1	1.8	12.1	7.5	12.4	14.8	9.9	11.2

Source: Company, ICICI Direct Research, Bloomberg

ICICI Direct Research Coverage Universe

Sector / Company	CMP	TP	Rating	Mcap	EPS (Rs)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Capital Goods																			
VA Tech Wabag	315	300	Hold	1,722	26.4	20.7	28.4	11.9	15.2	11.1	4.6	5.0	4.3	21.4	16.2	19.1	11.5	7.6	9.8
SKF Bearing	2,064	2,050	Hold	10,596	57.6	66.4	75.0	35.8	31.1	27.5	22.4	19.3	16.5	23.7	24.5	24.2	16.1	16.3	16.0
Timken India	584	640	Buy	4,393	13.5	14.9	18.1	43.2	39.1	32.2	21.2	14.5	12.5	18.9	12.6	14.3	13.1	9.0	10.0
NRB Bearing	196	215	Buy	1,904	9.4	10.4	12.0	21.0	18.8	16.4	11.6	10.5	9.2	26.7	24.8	24.3	24.0	22.8	22.4
Grindwell Norton	574	625	Buy	6,355	13.5	16.0	18.1	42.4	35.8	31.7	22.7	19.1	16.9	22.2	24.3	24.8	15.1	16.3	16.8
Thermax	970	1,265	Buy	11,562	20.0	24.0	37.3	48.5	40.4	26.0	34.0	29.8	20.5	15.3	16.6	21.0	9.9	11.1	14.7
KEC International	288	265	Hold	7,411	17.9	19.0	23.0	16.1	15.2	12.5	6.0	5.2	4.4	24.9	25.0	25.7	23.1	20.1	19.7
Kalpataru Power	473	500	Buy	7,263	21.0	26.2	29.9	22.6	18.1	15.8	11.9	10.0	8.6	17.0	17.7	17.7	11.6	12.2	12.3
Greaves Cotton	145	140	Buy	3,550	8.3	7.5	8.8	17.5	19.3	16.5	9.4	8.3	7.3	25.3	26.4	28.8	17.7	18.3	20.3
Larsen & Toubro	1,369	1,655	Buy	191,996	38.8	52.1	57.3	35.3	26.3	23.9	25.1	20.6	17.8	13.8	16.7	16.4	10.3	13.3	13.3
Bharat Heavy Electrical Limite	73	60	Hold	25,367	3.3	2.5	3.9	22.1	29.5	18.9	8.6	7.6	6.0	5.6	4.8	6.5	2.5	2.8	4.3
AIA Engineering	1,700	1,890	Buy	16,030	47.0	51.3	63.0	36.1	33.1	27.0	27.1	22.2	17.8	18.4	19.2	21.3	14.7	14.2	15.7
Bharat Electronics Ltd	96	110	Buy	23,269	5.9	7.5	8.4	16.2	12.7	11.4	10.3	7.6	8.0	23.5	27.0	29.1	17.0	19.0	19.5
Engineers India Ltd	118	110	Hold	7,469	6.0	5.9	6.9	19.8	20.0	17.0	10.5	11.9	9.2	23.2	21.7	23.7	16.7	16.3	18.7
Cochin Shipyard	395	410	Buy	5,191	29.2	35.0	35.8	13.5	11.3	11.0	2.8	4.3	5.4	13.4	14.7	13.4	12.2	13.6	13.0
Elgi Equipments	249	310	Buy	3,953	6.0	6.3	9.1	41.5	39.8	27.5	22.1	20.8	15.1	14.3	13.9	17.9	14.1	13.3	16.6
Cement																			
India cements	110	85	Hold	3,414	3.3	2.4	3.7	33.7	46.0	30.1	8.2	9.3	9.0	5.1	4.5	5.0	1.9	1.4	2.1
Ambuja	228	225	Buy	45,233	6.3	7.5	6.8	36.2	30.4	33.7	21.0	21.7	18.2	11.3	11.4	13.7	6.3	7.7	6.3
Ultratech	4,158	4,150	Buy	114,196	81.3	81.8	113.1	51.1	50.8	36.8	20.9	19.5	14.3	10.0	9.7	12.6	9.5	8.1	10.2
Heidelberg cement	181	165	Buy	4,093	5.9	10.5	11.6	30.5	17.2	15.5	12.9	8.7	7.7	14.8	22.9	25.5	12.8	19.8	19.1
JK Lakshmi	355	335	Buy	4,177	7.1	5.4	10.4	49.8	65.4	34.3	13.2	13.3	10.7	8.8	8.1	10.6	5.8	4.2	7.6
Jk cement	868	759	Hold	6,710	48.9	36.9	58.2	17.8	23.5	14.9	9.1	10.5	8.7	14.6	11.1	13.2	16.7	11.1	15.4
Mangalam cement	267	215	Hold	712	4.3	-1.8	5.9	62.6	NM	45.0	11.3	18.9	11.4	7.2	3.0	6.4	2.2	-1.0	3.0
Shree cement	18,978	16,900	Hold	66,113	397.8	351.5	611.1	47.7	54.0	31.1	24.5	22.1	16.1	15.3	13.2	19.3	15.6	14.0	18.2
ACC	1,662	1,650	Buy	31,207	49.2	80.9	62.3	33.8	20.5	26.7	16.5	14.4	12.8	14.0	14.7	15.9	9.9	14.9	11.1
Star Cement	99	110	Hold	4,129	7.9	7.5	7.0	12.5	13.1	14.1	8.8	8.8	8.1	21.6	19.3	19.1	22.4	18.1	14.8
The Ramco Cement	766	750	Buy	18,036	23.5	23.2	27.8	32.6	33.0	27.6	16.3	16.6	13.5	10.4	8.9	10.1	13.7	12.5	13.6
Sagar Cements	649	700	Buy	1,324	12.9	15.1	21.3	50.4	42.9	30.4	11.5	10.9	9.2	8.1	8.3	9.5	3.4	3.8	5.1
Construction																			
NBCC	63	56	Buy	11,394	1.9	1.8	2.1	34.2	34.3	30.7	18.2	24.8	19.2	26.5	23.0	24.7	18.3	16.7	17.1
NCC Limited	107	120	Buy	6,442	4.8	8.8	10.8	22.5	12.1	10.0	7.4	5.2	4.7	15.9	19.9	20.3	6.8	11.2	12.3
Simplex Infrastructure	172	155	Hold	985	19.9	20.6	19.5	8.7	8.4	8.8	6.4	5.2	5.0	11.8	12.3	11.7	7.2	5.5	4.8

Source: Company, ICICI Direct Research, Bloomberg

ICICI Direct Research Coverage Universe

Sector / Company	CMP	TP	Rating	Mcap	EPS (Rs)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Consumer Discretionery																			
Havells India	759	800	Buy	47,498	11.4	13.4	17.2	66.5	56.7	44.2	42.1	35.4	27.2	25.2	29.2	31.1	18.8	21.4	22.7
Voltas Ltd	615	650	Hold	20,333	17.5	15.6	20.1	35.2	39.5	30.5	29.2	28.5	23.1	19.8	21.6	22.2	14.8	14.9	16.5
Asian Paints Ltd	1,491	1,600	Buy	143,021	21.9	24.3	28.7	68.2	61.3	52.0	41.6	35.4	30.1	31.6	32.6	34.1	24.4	24.8	25.5
Kansai Nerolac	460	480	Hold	24,774	9.6	8.8	10.8	48.0	52.4	42.7	29.2	30.2	24.5	24.5	22.0	24.2	16.5	14.7	16.2
Bajaj Electricals Ltd	537	478	Hold	5,502	8.2	18.9	21.4	65.6	28.5	25.1	19.3	14.7	13.0	18.1	17.2	17.8	13.7	18.5	17.9
Symphony Ltd	1,379	1,110	Hold	9,647	27.5	18.8	25.9	50.1	73.3	53.3	37.7	52.5	35.2	41.3	25.5	34.5	31.5	22.6	29.9
Essel Propack Ltd	119	120	Hold	3,744	5.5	5.8	6.7	21.4	20.5	17.6	8.9	8.3	7.2	18.0	17.4	19.3	15.2	14.6	15.8
V-Guard Ltd	223	205	Hold	9,514	3.1	3.3	4.2	71.1	67.2	53.1	43.9	41.9	32.8	23.7	24.0	26.0	17.7	18.2	19.8
Pidilite Industries	1,278	1,250	Buy	64,897	18.8	18.5	22.0	67.8	69.0	58.0	42.2	38.6	32.5	33.6	29.6	31.4	27.0	21.7	22.8
Supreme Industries	1,138	1,075	Hold	14,452	33.9	34.4	39.8	33.5	33.1	28.6	16.3	15.8	13.6	27.9	26.1	27.9	22.7	19.5	21.4
Astral Poly Technik Ltd	1,181	1,250	Hold	14,153	14.7	17.7	23.0	80.5	66.6	51.3	40.9	32.2	25.3	22.9	23.4	25.1	17.2	16.4	17.7
Time Technoplast	100	80	Hold	2,252	8.0	8.8	10.8	12.5	11.3	9.2	5.4	5.3	4.7	14.9	14.7	15.5	12.2	12.2	13.2
FMCG																			
Hindustan Unilever	1,670	1,900	Hold	361,581	24.2	28.5	32.9	68.9	58.6	50.8	51.5	44.0	38.5	79.9	100.8	123.7	74.7	87.2	106.9
Colgate Palmolive	1,225	1,350	Hold	33,306	24.8	28.9	31.9	49.5	42.4	38.4	30.8	27.0	24.2	62.9	62.1	59.2	44.7	43.3	41.7
Dabur India	401	500	Buy	70,864	7.7	8.5	9.8	52.1	47.1	41.0	49.2	44.5	39.1	26.2	26.6	28.3	23.8	23.7	25.0
GSK Consumer Healthcare	7,000	8,340	Buy	29,439	166.5	221.2	242.3	42.1	31.7	28.9	31.3	24.8	22.7	29.8	35.6	33.6	20.1	23.6	22.9
ITC	293	340	Buy	358,525	9.2	10.3	11.3	31.7	28.3	25.9	21.7	19.1	17.1	30.9	35.8	35.7	21.3	24.9	24.7
Jyothy Laboratories	195	240	Buy	7,153	8.8	5.1	5.8	22.1	38.4	33.5	22.2	21.2	18.5	35.1	33.7	37.8	23.5	24.9	28.0
Marico	357	400	Hold	46,103	6.4	7.4	8.8	55.7	48.5	40.5	41.5	36.0	30.1	38.9	42.2	44.3	32.5	34.5	36.2
Nestle India	10,878	12,000	Buy	104,885	127.1	166.7	203.4	85.6	65.3	53.5	44.6	37.5	31.6	34.9	41.4	42.6	37.5	44.5	43.0
VST Industries	3,600	4,000	Buy	5,559	117.8	149.9	170.8	30.6	24.0	21.1	16.5	13.4	11.8	46.9	52.5	51.5	31.3	35.1	34.7
Varun Beverage	870	860	Hold	15,891	11.7	16.4	20.1	74.2	53.0	43.4	19.8	16.3	13.9	12.7	15.4	17.8	12.1	14.3	17.2
McLeod Russel	86	158	Hold	893	23.7	4.9	7.5	3.6	17.4	11.4	12.3	NM	NM	13.0	6.8	5.1	10.1	2.1	3.0
Tata Global Beverages	212	300	Buy	13,389	8.8	8.1	8.2	24.1	26.3	25.8	14.9	16.4	15.5	8.7	8.8	8.9	8.1	7.9	7.5
Hospital																			
Apollo Hospital	1,233	1,400	Buy	17,158	8.5	20.3	39.3	145.8	60.9	31.4	23.1	17.1	12.9	6.3	8.8	13.0	3.6	8.1	14.0
Narayana Hrudalaya	216	250	Buy	4,413	2.5	2.3	6.2	85.4	95.3	34.6	22.6	16.9	12.7	6.3	7.6	11.9	4.9	4.3	10.5
Hotels																			
EIH	197	230	Buy	11,260	3.1	4.6	5.0	62.8	43.0	39.2	37.3	24.5	20.9	8.7	12.5	12.8	6.6	9.0	9.2
Indian Hotels	156	165	Buy	18,541	0.8	2.3	2.5	183.8	67.2	61.5	27.6	21.4	18.4	5.5	7.5	9.0	2.2	6.4	6.5
Taj GVK	226	207	Buy	1,418	3.3	4.2	5.0	69.6	54.5	44.8	17.7	18.1	15.6	9.0	8.4	10.0	5.5	6.8	8.1

Source: Company, Bloomberg, ICICI Direct Research

ICICI Direct Research Coverage Universe

Sector / Company	CMP	TP	Rating	Mcap	EPS (Rs)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Insurance																			
SBI Life Insurance Company L	625	745	Buy	62,485	11.5	13.5	14.5	54.3	46.3	43.0	-	-	-	17.9	18.6	19.1	19.1	19.3	18.1
IT																			
Cyient	604	675	Buy	6,828	36.0	39.1	44.1	16.8	15.5	13.7	10.9	8.5	7.7	21.4	20.6	21.2	17.3	16.9	17.2
eClerx Services	1,131	910	Sell	4,378	72.9	58.9	64.2	15.5	19.2	17.6	9.1	11.1	9.9	28.2	22.8	23.1	24.1	17.3	17.5
Firstsource Solutions	49	55	Buy	3,355	4.8	5.2	5.6	10.2	9.4	8.7	8.3	7.1	6.2	13.0	14.1	15.6	13.9	13.8	13.6
HCL Technologies	1,088	1,090	Hold	147,624	62.6	73.0	80.1	17.4	14.9	13.6	11.7	9.5	8.2	27.4	31.9	31.4	23.8	26.4	25.5
Infosys	759	780	Buy	331,383	32.3	35.0	40.7	23.5	21.7	18.6	14.6	13.1	11.5	30.9	29.9	31.1	22.5	21.3	23.0
Larsen & Toubro Infotech Ltd	1,644	1,950	Buy	28,522	64.7	87.1	96.8	25.4	18.9	17.0	22.9	14.3	12.1	36.0	40.6	36.9	28.8	31.2	28.3
NIIT Technologies	1,304	1,415	Buy	8,057	45.6	67.8	76.3	28.6	19.2	17.1	14.3	10.6	8.9	19.4	24.8	24.6	15.8	20.5	20.2
Persistent Systems	628	630	Hold	5,020	40.5	45.3	49.8	15.5	13.9	12.6	9.2	6.7	6.1	19.8	20.8	20.4	15.2	15.2	15.0
Tata Consultancy Services	2,053	1,750	Hold	770,402	67.6	83.2	88.1	30.4	24.7	23.3	19.9	16.2	14.6	37.6	44.0	41.7	29.6	34.3	32.4
Tech Mahindra	775	900	Buy	76,176	42.8	48.0	55.3	18.1	16.2	14.0	13.6	9.4	7.9	21.5	22.0	22.4	20.2	19.5	19.5
Wipro Technologies	261	282	Hold	157,697	12.7	15.0	17.2	20.6	17.4	15.2	14.5	12.3	10.7	16.9	17.5	18.2	16.6	16.9	17.5
InfoEdge	1,790	1,930	Buy	21,853	15.0	23.1	28.2	119.5	77.5	63.5	67.2	58.0	49.6	17.7	18.6	19.5	8.7	12.3	13.7
TeamLease Services	3,000	2,845	Hold	5,129	42.8	56.9	72.0	70.1	52.7	41.7	63.1	44.4	35.0	16.8	17.5	18.2	16.7	18.1	18.9
TeamLease Services	3,000	2,845	Hold	5,129	42.8	56.9	72.0	70.1	52.7	41.7	63.1	44.4	35.0	16.8	17.5	18.2	16.7	18.1	18.9
Logistics																			
Blue Dart Express	3,362	3,650	Buy	7,977	60.9	35.2	59.2	55.2	95.4	56.8	21.7	30.1	22.1	29.3	19.2	30.0	27.2	14.8	22.7
Container Corporation of India	526	625	Buy	32,052	20.7	24.6	24.2	25.4	21.4	21.7	14.7	12.4	10.5	13.9	15.3	17.0	10.8	11.6	12.9
Gati Ltd	82	75	Hold	885	3.2	1.2	2.6	25.9	69.6	31.7	16.2	13.7	9.6	10.7	5.8	8.7	7.9	1.7	3.7
Gujarat Pipavav Port	96	100	Hold	4,663	4.1	4.3	5.3	23.5	22.2	18.1	10.0	9.5	8.2	12.1	12.2	14.0	9.2	9.6	11.7
Transport Corporation of India	300	350	Buy	2,300	13.2	14.0	19.8	22.7	21.5	15.1	11.2	10.7	8.6	13.4	12.2	14.2	16.3	14.9	17.0
Dredging Corporation of India	417	370	Hold	1,168	6.1	-21.0	15.5	68.2	NM	26.9	12.5	11.6	9.4	1.5	1.8	2.7	1.1	-3.9	2.8
TCI Express	715	780	Buy	2,737	15.2	19.1	23.7	46.9	37.4	30.1	26.4	19.8	16.1	35.5	36.8	37.1	28.2	27.2	26.4
Media																			
Sun TV Limited	627	605	Hold	24,711	28.8	36.8	37.4	21.8	17.0	16.8	10.2	7.6	7.0	35.5	38.8	33.9	24.2	26.0	22.7
DB Corp Ltd	196	215	Buy	3,428	17.1	15.6	20.0	11.4	12.5	9.8	5.5	6.6	5.0	23.1	22.4	25.9	16.3	16.0	18.5
Entertainment Network Limite	533	630	Buy	2,541	7.5	10.9	17.5	71.3	48.7	30.4	22.0	17.9	12.6	6.2	9.0	12.6	3.5	5.6	8.3
Inox Leisure Ltd	320	330	Buy	3,291	11.9	8.8	12.6	26.8	36.2	25.4	14.5	12.0	9.4	13.2	13.7	16.3	10.6	9.9	12.3
PVR Limited	1,693	1,750	Buy	7,911	26.4	34.5	43.5	64.1	49.0	38.9	20.5	16.4	13.5	14.7	13.3	15.1	11.5	13.1	14.3
Zee Entertainment Enterprises	409	500	Buy	39,302	15.4	16.5	20.0	26.6	24.7	20.4	14.8	11.8	9.7	25.6	25.2	25.5	15.3	15.4	15.9
TV Today Network Limited	311	350	Hold	1,858	19.9	25.2	26.9	15.6	12.4	11.6	8.1	6.6	5.4	30.4	29.6	27.6	19.3	19.2	17.5

Source: Company, Bloomberg, ICICI Direct Research

ICICI Direct Research Coverage Universe

Sector / Company	CMP	TP	Rating	Mcap	EPS (Rs)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Metals, Mining & Pipes																			
Tata Steel	552	550	Buy	62,892	71.3	67.0	65.5	7.7	8.2	8.4	6.0	5.7	5.6	10.0	10.2	9.7	13.4	11.7	10.5
JSW Steel	293	315	Buy	70,909	25.3	32.7	31.6	11.6	9.0	9.3	8.8	7.4	7.7	16.7	19.0	16.2	21.8	25.4	20.1
NMDC	107	90	Hold	32,701	12.0	12.4	9.0	8.9	8.6	11.9	4.3	4.3	6.2	23.8	22.2	15.5	15.6	14.5	10.1
Hindalco	216	212	Hold	48,414	19.9	24.8	22.5	10.8	8.7	9.6	5.8	5.6	5.6	9.4	10.4	9.5	8.1	9.6	7.9
Vedanta Ltd	188	145	Sell	69,809	20.0	18.4	22.4	9.4	10.2	8.4	4.9	5.3	4.9	15.4	13.2	13.8	11.7	10.9	12.2
Hindustan Zinc	285	260	Hold	120,569	22.0	20.2	23.0	13.0	14.1	12.4	7.0	7.8	6.4	34.0	32.8	31.8	25.8	24.8	23.8
Graphite India	452	650	Buy	8,832	52.8	173.1	108.3	8.6	2.6	4.2	6.3	1.7	2.3	47.8	105.2	52.2	37.8	73.7	35.5
HEG	2,066	2,400	Buy	8,255	270.6	750.0	400.0	7.6	2.8	5.2	5.0	1.7	3.3	74.7	122.5	51.1	59.8	82.5	34.7
Maharashtra Seamless	483	500	Hold	3,237	29.9	57.1	54.0	16.2	8.5	8.9	11.5	6.2	6.6	7.8	14.0	12.4	6.8	11.7	10.1
Coal India	235	225	Hold	145,595	11.1	24.9	23.5	21.1	9.4	10.0	21.4	9.2	10.5	51.3	86.0	92.2	35.4	57.5	61.9
Ratnamani Metals and Tubes	896	1,000	Buy	4,184	32.5	51.7	54.1	27.6	17.3	16.6	15.7	11.0	10.6	17.1	22.1	19.2	11.6	16.1	14.7
MidCap																			
Rallis India	161	180	Hold	3,131	8.6	8.6	10.6	18.7	18.7	15.2	11.8	11.6	9.1	19.1	18.2	20.8	14.0	12.9	14.4
VST Tillers & Tractors	1,300	1,250	Sell	1,123	129.6	61.6	80.7	10.0	21.1	16.1	8.9	17.2	11.7	24.0	13.1	15.5	18.8	9.0	10.8
KSB Pumps	688	795	Buy	2,395	20.4	20.6	25.2	33.8	33.4	27.3	21.2	17.7	15.8	10.6	11.1	12.0	10.0	9.4	10.7
Himadri Speciality	116	130	Buy	4,853	5.8	7.4	8.6	20.0	15.6	13.5	10.0	9.8	8.9	18.2	20.3	19.3	16.7	17.6	17.1
Oil & Gas																			
GAIL	343	390	Buy	77,304	20.5	27.7	26.6	16.7	12.4	12.9	9.8	7.6	7.9	15.4	18.1	16.0	11.5	14.1	12.5
Gulf Oil	870	850	Hold	4,332	31.9	37.0	42.5	27.3	23.5	20.5	18.3	14.5	12.9	35.1	41.0	39.3	33.9	31.6	29.7
HPCL	253	225	Hold	38,591	41.7	33.2	26.1	6.1	7.6	9.7	5.2	5.8	7.3	19.0	14.8	10.7	26.5	19.3	14.5
IGL	315	300	Hold	22,036	9.6	10.8	11.6	32.9	29.2	27.0	18.5	16.5	15.1	24.1	23.7	22.3	16.2	15.5	14.8
MRPL	71	75	Buy	12,443	12.8	0.8	7.5	5.5	89.8	9.5	3.5	10.5	4.9	23.1	4.3	13.5	20.4	1.5	11.4
ONGC	159	153	Hold	200,467	15.5	22.1	20.3	10.3	7.2	7.8	4.6	3.1	3.1	12.3	17.3	15.3	10.2	13.4	11.6
Petronet LNG	237	225	Hold	35,543	13.9	15.1	16.6	17.1	15.7	14.3	9.7	8.9	7.7	26.2	29.1	29.8	18.1	18.4	18.2
Castrol	170	140	Sell	16,813	7.0	7.2	8.3	24.3	23.7	20.4	14.5	14.0	11.7	111.0	100.4	104.4	67.8	61.6	64.4
GSPL	180	200	Hold	10,177	11.9	14.9	13.5	15.2	12.1	13.4	10.7	7.2	7.6	11.8	16.1	14.0	11.7	13.6	10.8
Gujarat Gas	161	145	Buy	11,052	4.2	6.5	6.9	37.9	24.5	23.3	13.9	11.6	10.5	12.9	16.4	16.5	13.8	16.0	16.9
BPCL	350	320	Hold	76,009	40.3	33.1	34.5	8.7	10.6	10.1	8.2	7.7	8.2	19.3	18.3	14.6	23.2	18.6	18.3
Mahanagar Gas Ltd	1,014	1,010	Buy	10,020	48.4	56.5	59.4	21.0	18.0	17.1	11.4	9.3	8.6	32.0	33.1	30.7	20.1	20.4	18.9
Others																			
Cox and Kings	139	150	Hold	2,455	20.6	8.0	14.9	6.8	17.4	9.3	4.7	5.9	3.6	11.4	8.6	11.0	11.5	4.6	7.2
Solar Industries India Ltd	1,073	1,045	Hold	9,710	24.4	29.0	33.3	44.0	37.0	32.2	22.9	18.6	15.9	22.0	24.4	28.8	20.3	22.0	25.2
United Spirits	535	700	Buy	38,861	9.0	9.9	13.7	59.6	54.2	39.1	36.3	33.3	25.6	22.3	22.0	25.1	26.2	23.0	24.2
United Breweries	1,409	1,490	Buy	37,255	14.9	23.4	25.6	94.4	60.2	55.1	39.3	28.5	26.3	22.5	28.4	26.2	14.7	18.9	17.3
Wonderla Holidays	310	330	Buy	1,751	6.8	9.1	11.1	45.5	33.9	28.0	17.5	15.1	13.1	7.2	8.1	9.3	5.0	6.4	7.3
Navneet Education Ltd.	111	130	Buy	2,529	5.5	7.7	8.8	20.3	14.3	12.5	12.0	8.6	7.4	22.4	27.5	29.4	16.9	21.7	21.5

Source: Company, Bloomberg, ICICI Direct Research

ICICI Direct Research Coverage Universe

Sector / Company	CMP	TP	Rating	Mcap	EPS (Rs)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Pharma																			
Sun Pharma	462	460	Hold	110,907	9.0	12.2	18.6	51.3	38.0	24.8	18.3	14.3	13.0	9.8	11.6	11.8	8.2	10.2	10.0
Ajanta Pharma	1,014	1,100	Hold	8,928	53.0	41.5	49.2	19.1	24.5	20.6	13.3	16.2	13.8	30.0	20.9	21.3	23.0	15.8	16.4
Lupin	792	840	Hold	35,815	5.6	16.2	31.8	142.4	48.9	24.9	13.6	16.3	12.0	10.4	9.8	11.2	6.9	6.4	9.3
Aurobindo Pharma	781	915	Buy	45,748	41.4	41.7	50.2	18.9	18.7	15.6	12.6	12.6	10.0	20.0	17.9	16.3	20.7	17.8	17.6
Biocon	607	760	Buy	36,420	6.2	14.7	16.5	97.8	41.3	36.9	48.0	29.8	22.4	8.1	12.5	14.8	7.2	12.2	14.4
Cadila Healthcare	346	370	Buy	35,370	17.5	18.7	18.5	19.7	18.5	18.6	13.0	13.1	11.5	16.7	13.8	12.8	20.5	18.7	16.2
Cipla	526	545	Hold	42,344	17.5	17.0	19.7	30.0	31.0	26.6	15.9	15.8	12.2	9.6	10.6	12.2	10.4	8.9	9.6
Dr Reddy's Lab	2,757	2,870	Hold	45,774	57.0	106.4	128.4	48.3	25.9	21.5	20.6	15.2	12.5	6.1	9.5	11.9	7.2	12.1	13.0
Divi's Lab	1,687	1,800	Buy	44,790	33.3	53.5	60.5	50.7	31.5	27.9	32.0	21.0	18.4	20.0	26.3	25.2	14.9	20.2	19.3
Glenmark	641	635	Hold	18,091	28.5	36.2	38.5	22.5	17.7	16.7	12.7	12.1	9.8	14.6	14.7	15.7	15.6	14.0	15.2
Indoco	203	195	Hold	1,872	4.8	-1.8	7.4	42.0	NM	27.4	14.2	29.2	11.5	6.5	-0.1	8.3	6.6	-2.6	9.4
Ipca Lab	919	900	Buy	11,617	19.0	36.9	43.2	48.4	24.9	21.3	21.8	13.7	11.0	9.1	15.3	17.1	8.9	15.1	15.4
Jubilant Life	700	905	Buy	11,148	41.3	59.7	73.9	17.0	11.7	9.5	9.6	7.5	6.3	14.9	18.8	20.7	15.7	18.7	19.0
Natco	567	635	Hold	10,467	37.7	35.5	27.0	15.0	16.0	21.0	11.9	13.6	17.0	27.4	23.1	15.9	22.7	18.6	12.5
Torrent Pharma	1,808	2,175	Buy	30,587	40.1	52.3	64.9	45.1	34.6	27.9	26.8	16.6	14.3	11.2	14.2	17.1	14.7	16.7	17.9
Alembic Pharma	543	620	Hold	10,236	21.9	32.8	27.6	24.8	16.6	19.7	18.4	13.0	14.7	18.0	21.3	17.4	18.6	22.8	16.7
Syngene International	584	675	Buy	11,677	15.3	16.3	17.5	38.3	35.7	33.4	24.3	21.6	18.2	15.9	16.8	16.5	17.7	16.1	14.8
Hikal	180	200	Buy	2,224	6.3	8.0	10.3	28.8	22.6	17.6	11.0	9.2	8.0	12.2	14.1	15.3	11.5	13.1	14.9
Power																			
Power Grid Corporation	196	200	Hold	102,748	17.4	20.8	21.7	11.3	9.4	9.1	8.9	8.1	7.6	9.2	9.6	9.5	16.0	16.5	15.1
CESC	733	800	Buy	9,716	96.3	107.0	113.8	7.6	6.8	6.4	7.0	7.3	6.5	10.7	12.1	12.6	10.0	10.0	10.7
NTPC	136	123	Hold	134,615	11.9	12.4	13.4	11.5	11.0	10.1	9.7	9.7	9.6	7.8	7.6	7.6	9.6	9.5	9.8
Real Estate																			
Oberoi Realty	533	510	Buy	19,364	12.6	21.0	26.4	42.2	25.4	20.1	22.4	12.3	10.4	9.3	12.9	12.2	7.5	9.4	8.6
Mahindra Lifespace	376	430	Hold	1,967	19.7	20.9	31.5	19.1	18.0	11.9	33.6	44.2	18.4	5.5	4.9	7.3	4.9	5.0	7.2
Sobha Ltd	499	510	Hold	4,732	22.9	26.2	35.5	21.8	19.0	14.1	13.3	11.8	9.2	9.7	10.4	12.6	7.8	8.5	10.7
Sunteck Realty Ltd	490	370	Hold	7,172	15.2	17.2	22.1	32.2	28.4	22.2	14.7	13.7	10.9	11.9	11.9	13.8	8.1	8.5	10.0
The Phoenix Mills Ltd	646	775	Buy	9,906	15.8	16.7	21.6	40.9	38.6	29.9	15.8	15.2	13.3	8.6	7.8	8.6	8.5	7.1	8.4
Brigade Enterprises	248	330	Buy	3,377	10.2	18.5	17.6	24.2	13.4	14.1	11.5	8.7	9.0	8.1	11.0	10.2	6.1	10.9	9.7
Retail																			
TTK Prestige	8,500	8,100	Hold	9,818	228.1	171.0	198.1	37.3	49.7	42.9	36.2	29.2	25.2	19.8	23.8	25.6	25.8	17.3	17.8
Shopper Stop	446	545	Hold	3,922	1.3	10.3	12.9	337.9	43.1	34.6	21.0	17.3	14.5	10.5	13.3	15.8	1.2	9.0	10.4
Titan Industries	1,095	1,140	Buy	97,177	12.4	16.4	21.3	88.0	66.5	51.5	55.5	43.1	33.6	34.9	37.7	40.4	22.2	23.9	25.6
Bata India	1,398	1,300	Hold	17,973	17.4	25.3	30.1	80.3	55.3	46.5	44.4	31.8	26.9	38.7	47.2	51.9	15.1	19.0	19.7
Trent Ltd.	341	400	Buy	11,327	2.6	4.3	6.5	130.1	78.8	52.7	55.5	45.7	34.5	10.0	10.9	13.8	5.5	8.5	11.9
Aditya Birla Fashion & Retail	217	250	Buy	16,736	1.5	2.2	3.4	142.1	100.8	64.1	36.7	29.4	24.0	8.5	11.7	13.5	10.8	13.2	17.2

Source: Company, Bloomberg, ICICI Direct Research

ICICI Direct Research Coverage Universe

Sector / Company	CMP	TP	Rating	Mcap	EPS (Rs)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Road																			
IRB Infrastructure	144	135	Hold	5,070	27.7	25.6	25.6	5.2	5.6	5.6	5.9	6.3	7.0	6.7	7.1	6.9	16.2	13.3	12.0
Ashoka Buildcon	135	150	Buy	3,777	-4.2	0.4	1.9	NM	338.8	71.3	7.1	5.8	5.3	11.5	13.4	14.9	-37.6	3.4	13.9
PNC Infratech	149	170	Buy	3,820	9.8	8.0	10.8	15.2	18.5	13.8	12.2	10.8	8.3	13.7	13.0	14.8	13.9	10.3	12.3
Sadbhav Engineering	245	200	Buy	4,203	12.9	13.1	16.6	19.0	18.7	14.8	10.4	9.5	7.9	9.9	10.6	12.2	11.8	10.9	12.3
Telecom																			
Vodafone Idea	17	30	Hold	15,113	-9.6	-18.1	-23.4	NM	NM	NM	13.3	43.0	17.1	-2.3	-5.0	-4.2	-15.3	-30.4	-32.5
Tata Communications	593	540	Hold	16,899	-11.5	5.5	9.0	-51.4	108.5	66.0	9.5	8.2	7.9	5.9	5.7	6.5	9.4	1.3	58.2
Sterlite Technologies Ltd.	216	230	Hold	8,695	8.3	13.7	15.2	25.9	15.8	14.2	13.1	9.8	8.3	29.7	26.4	26.0	28.7	33.9	28.4
Banks																			
IndusInd Bank	1,771	1,860	Buy	106,757	60.1	68.0	91.7	29.5	26.1	19.3	6.0	5.2	4.5	1.8	1.7	1.8	16.2	15.9	18.5
Yes Bank	264	300	Buy	61,105	18.3	18.5	20.2	14.4	14.2	13.1	4.4	2.8	2.4	1.6	1.2	1.1	17.6	15.3	14.6
Bank of Baroda	131	140	Buy	34,550	-9.2	7.7	19.6	NM	17.0	6.7	0.9	0.9	0.8	-0.3	0.3	0.6	-5.8	4.7	11.4
State Bank of India	314	385	Buy	279,831	-7.3	3.3	15.5	NM	93.7	20.3	1.9	1.3	1.3	-0.2	0.1	0.3	-3.0	1.3	5.8
City Union Bank	200	225	Buy	14,661	8.9	9.3	10.4	22.4	21.5	19.2	4.8	4.1	3.5	1.6	1.6	1.6	15.5	15.4	14.8
Indian Bank	272	300	Buy	13,057	26.2	15.6	29.1	10.4	17.4	9.3	0.8	0.8	0.7	0.3	0.5	0.6	7.1	4.1	7.4
Axis Bank	753	825	Buy	193,696	-1.0	16.1	37.5	NM	46.8	20.1	3.6	3.5	3.1	-0.0	0.6	1.1	-0.4	6.3	13.3
DCB Bank	199	210	Buy	6,148	7.9	10.3	15.0	25.3	19.2	13.3	3.4	2.8	2.2	0.9	1.0	1.2	10.9	11.8	14.9
Federal Bank	97	110	Buy	19,325	4.5	6.1	8.0	21.8	16.0	12.1	2.3	2.1	1.5	0.7	0.8	1.0	8.2	11.2	12.6
HDFC Limited	2,044	2,050	Buy	351,843	72.6	54.8	54.6	28.2	37.3	37.4	10.3	9.5	6.1	3.3	2.2	1.9	25.8	15.4	14.3
Jammu & Kashmir Bank	58	52	Buy	3,246	-0.6	7.2	9.8	NM	8.1	5.9	0.5	0.6	0.5	-0.0	0.4	0.5	-0.6	6.3	8.2
Kotak Mahindra Bank	1,340	1,400	Hold	255,681	21.4	25.4	31.1	62.5	52.8	43.1	9.3	9.3	6.8	1.7	1.7	1.7	12.5	12.3	13.7
LIC Housing Finance	548	475	Hold	27,656	39.9	44.8	52.4	13.7	12.2	10.5	3.0	2.5	2.2	1.2	1.2	1.2	16.9	15.9	15.6
Reliance Capital	189	145	Hold	4,775	68.6	82.7	53.8	2.8	2.3	3.5	0.3	0.3	0.3	1.5	1.2	1.4	10.0	12.5	25.5
HDFC Bank	2,296	2,400	Buy	625,176	67.4	77.0	97.0	34.1	29.8	23.7	8.6	7.0	6.0	1.8	1.8	2.0	18.1	16.9	17.1
Bajaj Finserv Limited	7,350	6,950	Buy	116,965	164.0	208.9	273.7	44.8	35.2	26.9	8.7	7.4	5.6	1.8	1.8	1.9	14.3	14.9	16.6
Bajaj Finance Limited	3,035	2,900	Buy	175,425	44.5	67.9	91.7	68.2	44.7	33.1	23.6	18.3	11.0	3.3	3.9	3.9	19.5	21.6	23.1
Bandhan Bank	536	575	Buy	63,931	11.3	16.9	20.5	47.5	31.7	26.2	14.6	6.9	5.9	3.6	4.0	3.8	19.5	19.6	19.9
Mahindra & Mahindra Financi	413	500	Buy	25,529	18.5	21.6	27.7	22.3	19.2	14.9	2.7	2.4	2.1	2.1	2.2	2.3	13.6	13.3	14.8

Source: Company, Bloomberg, ICICI Direct Research

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